



Century Insurance
A Lakson Group Company

Your **Trust**
Our **Assurance**





Century Insurance **At a Glance**

- Century Insurance is a Lakson Group Company.
- Operating since 1989, dealing in all areas of general insurance business.
- One of the premier general insurance companies of Pakistan.
- Rated “A+” with a stable outlook by JCR — VIS, signifying a ‘high capacity to meet policyholders’ and contractual obligations’.
- Total equity in excess of Rs. 1.8 billion.
- Twice awarded ‘Top 25 Companies Award’ by the Karachi Stock Exchange.
- Very strong reinsurance treaty arrangements with highly rated international reinsurers.
- Broad client base consisting of individuals as well as some of the most prestigious local and multinational companies.

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Our Vision

To be an organization known for integrity and ethical behavior and fully dedicated to its Clients, Business Partners, Shareholders and Employees, providing exceptional quality service and committed to achieving excellence in all areas of its operations.

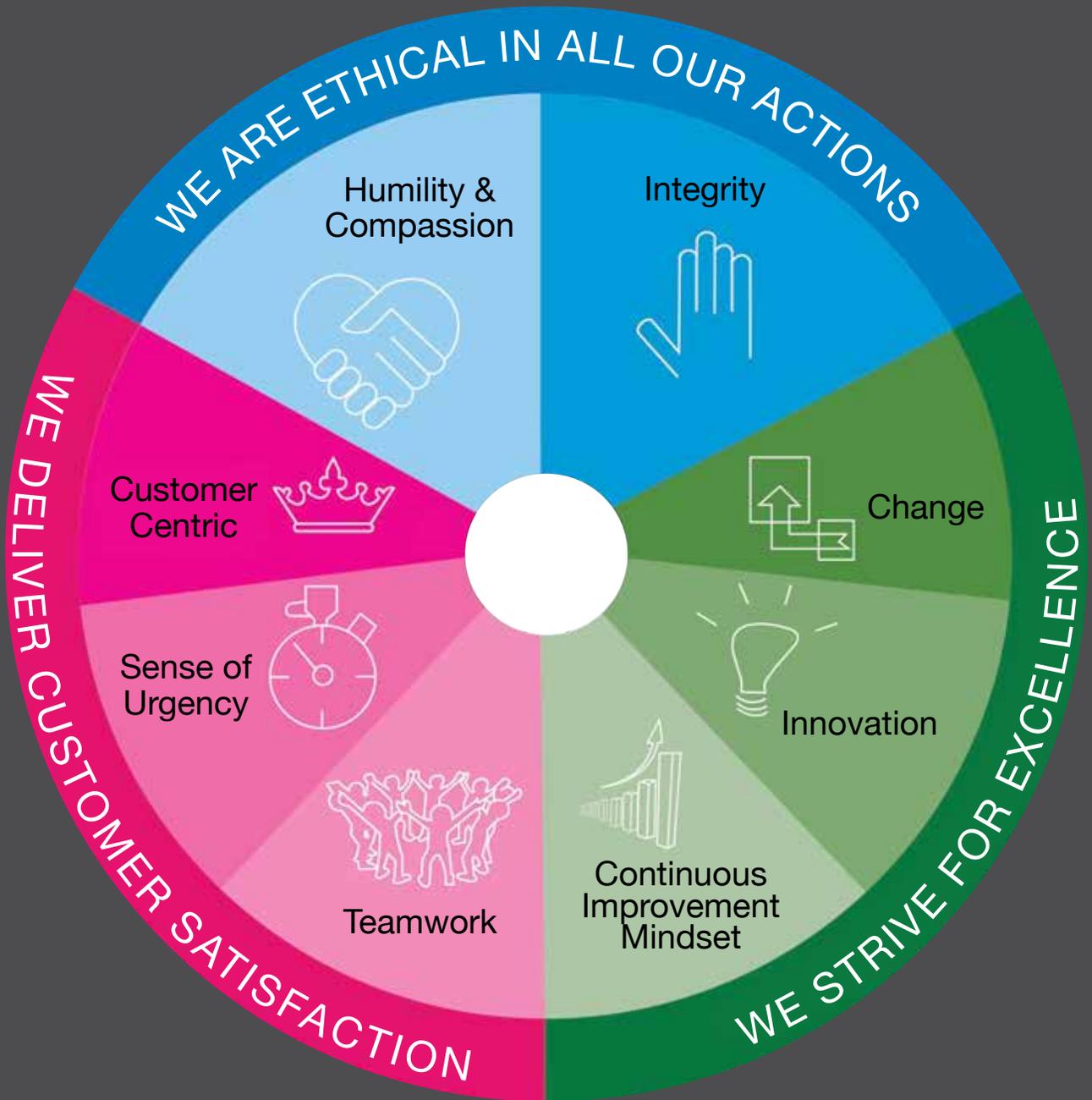


Our Mission

- To become a company of choice for its valued Clients, Stockholders and Employees.
- To ensure continued growth of the financial strength and resilience of the company so that it may be able to withstand any unexpected shocks or cyclical economic downturns.
- The Company culture to be known for Integrity and Ethical behavior.
- The Company to be known as one of the best insurance companies of the country.



Core Values



Corporate Information

Board of Directors

Mr. Iqbal Ali Lakhani - Chairman
Mr. Amin Mohammed Lakhani
Ms. Anushka Zulfiqar Lakhani
Mr. Tasleemuddin Ahmed Batlay
Mr. A. Aziz H. Ebrahim (upto February 02, 2018)
Mr. Mohammad Hussain Hirji - Chief Executive
Mr. Sadrudin Ismail Mohamed

Advisor

Mr. Sultan Ali Lakhani

Chief Financial Officer

Mr. Sabza Ali Pirani

Company Secretary

Mr. Mansoor Ahmed

Shariah Advisor

Mufti Muhammad Shakir Siddiqui

Audit Committee

Mr. Sadrudin Ismail Mohamed - Chairman
Mr. Amin Mohammed Lakhani
Mr. Tasleemuddin Ahmed Batlay

Investment Committee

Mr. Iqbal Ali Lakhani - Chairman
Mr. Tasleemuddin Ahmed Batlay
Mr. Mohammad Hussain Hirji
Mr. Sabza Ali Pirani

Ethics, Human Resource & Remuneration Committee

Mr. Sadrudin Ismail Mohamed - Chairman
Mr. Amin Mohammed Lakhani
Mr. Tasleemuddin Ahmed Batlay
Mr. Mohammad Hussain Hirji

External Auditors

M/s. KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

M/s. FAMCO Associates (Pvt) Ltd.
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahra-e-Faisal,
Karachi.
Tel: (021) 34380101-2
Fax: (021) 34380106
Email: info.shares@famco.com.pk
Website: www.famco.com.pk

Bankers

Al Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
NRSP Microfinance Bank Limited
Standard Chartered Bank (Pakistan) Limited
Telenor Microfinance Bank Limited
United Bank Limited

Registered & Corporate Office

Lakson Square, Building No. 2, Sarwar Shaheed
Road, Karachi-74200.

Head Office

11th Floor, Lakson Square, Building No. 3,
Sarwar Shaheed Road, Karachi-74200.

Website: www.cicl.com.pk
UAN: 111-111-717
NTN: 0710008-6

Products & Services



Fire Insurance



Marine Insurance



Motor Insurance



Engineering Insurance



Accident and Health Insurance



Travel Insurance



Miscellaneous Insurance

Fire Insurance

Your corporate offices, factories and facilities are the primary sources of your income and revenue. Century Insurance understands the importance and value of your business property and operations. So we will work with you to help you prevent losses, protect what matters and help you stay in business. Property insurance solutions include:

- Fire and Allied Perils
- Consequential Loss
- Property All Risk
- Comprehensive Machinery Insurance
- Terrorism Insurance (Property insurance policies in Pakistan now exclude Terrorism including any Riot & Strikes resulting from a terrorist act. These are now covered under a separate Terrorism policy).





Marine Insurance

We offer our clients tailored solutions for their international and domestic marine exposures. The two standard product lines are:

- Marine Cargo including Inland Transit
- Marine Hull

Marine cargo insurance covers the risks of physical loss or damage to goods and merchandise while in transit by any method of conveyance anywhere in the world. Inland Transit policies cover transit by road and/or rail within the country.

Marine hull provides coverage for all types of vessels and their machinery while navigating anywhere in the world. In addition we can cover ship beaching risks for the ship breaking industry as well as Fire and Allied Perils for the beached vessel.

Losses occurring anywhere in the world are promptly investigated and equitably settled through our international claims settling agents.

Motor Insurance

Private Car Insurance

People love their cars, but insuring them can be a chore. At Century Insurance, with fast, fair and convenient services and cover you can depend on, we'll be there for you when it matters. We settle bills with a very wide network of repairers directly – so no waiting for that check in the mail. And because we don't force you to use any particular repairer you are free to take your car to the workshop of your choice. You may opt for comprehensive coverage including own damage, theft and third party legal liability or just third party legal liability coverage to meet the requirements of law.

If you would like to have the added assurance of a good vehicle tracking service, substantial discounts are available on the premium you pay. Or if you would like us to arrange the tracking service for you we can do that too as a complimentary service at economical rates.

Commercial Vehicle Insurance

Whatever your business, if you have your own commercial vehicles we know how important these vehicles are to your business. No matter how many commercial vehicles you have, we've got a plan to suit you. From fleets of trucks to just one or two pickups, we can tailor the right insurance package for you. If you are insuring many vehicles, our fleet policy can cover them all in a single policy.





Engineering Insurance

Our qualified engineers can cater to all of your engineering insurance needs. At Century Insurance, we can help by sharing insights, insurance solutions and risk engineering services. From construction related insurances to erection of machinery to electronic equipment, we have the right solution for you. With us, you'll work with specialized underwriting, risk engineering and claims professionals who understand the challenges you face and can deliver quality service when you need it.

Engineering insurance solutions include:

- Contractor's All Risk (CAR) insurance offers comprehensive protection for contract works, construction plant and equipment as well as for Third Party claims.
- Contractor's Plant & Equipment (CP&E).
- Erection All Risk (EAR) for plant and machinery in the course of erection.
- Machinery Breakdown covers sudden and unforeseen loss or damage to machinery.
- Advance Loss of Profits (ALOP) also known as Delayed Startup to cover loss of gross profits arising from a CAR or EAR loss.
- Electronic Equipment Insurance for computers and other electronic equipments.
- Deterioration of stock.
- Boiler and Pressure Vessels.

Accident and Health Insurance

In today's competitive marketplace, employers know that their true competitive advantage frequently lies in their human capital. A good employer will therefore always try to take care of its employees. One of the key variables in an employee's benefit structure is the health insurance provided by the employer.

Century Insurance provides the best possible corporate health insurance packages available in the market. We care for your employees and make every effort to ensure that they receive the best possible care based on the benefits chosen for them by their employer. Whether they need expert advice and guidance related to medical admissions and treatment or whether they just want a better understanding of the benefits available under their policy, we provide service with a smile and a caring attitude. We liaise closely with the hospitals to ensure that your employees receive the care and treatment that they need in the most timely and efficient manner possible.

We also work closely with the Human Resource department of our clients to make sure that they are fully informed of developments involving major hospitalizations of their employees or of the dependents of their employees. We also pay extra attention to ensure that all paperwork, health cards, payments, etc are made correctly and on time. With all of the topmost hospitals on our panel we ensure a smooth and cashless service for your employees so that they are not made to fret and worry about these matters during the difficult time they may be facing on account of either their own hospitalization or that of a loved one.

Personal Accident provides 24/7 worldwide cover for accidental bodily injury to the insured person resulting in death or permanent disablement.





Travel Insurance

Whether you are travelling for business or pleasure, unfortunate surprises can occur either before or during your trip. Medical emergencies or accidents can result in costly trip cancellations or medical bills leaving the traveler stranded in an unfamiliar country. Children may be left unattended with perhaps no one to accompany them on their return back home. Loss of baggage or mere flight delay may also result in unexpected and unbudgeted expenses. Our 24 hour, 7 days of the week hotline will be available to assist you no matter where you are or what language you are comfortable communicating in.

Century Insurance provides the best available travel insurance plans for you and your family, to suit every budget and need. We also have special plans available for senior citizens no matter where in the world they may be planning to travel to. Claims can be paid directly to hospitals in most instances, anywhere in the world. So the next time you travel, give up your worries and get the best travel insurance solution from Century Insurance.

Miscellaneous Insurance

This is a broad category and includes any insurance product or service that does not fall into any of the above categories. The most important of these include the following:

- General or Public Liability to protect you and/or your business against liability to third parties for accidental bodily injury or property damage, such as when they come upon your business premises.
- Professional Indemnity to protect you and/or your business against liability that may be incurred in the course of discharging your professional duties, whether you are a doctor, lawyer or architect or in any other profession.
- Product Liability to protect you and/or your business against any liability for injury or damage that may arise from the use of a defective product that your company may have provided.
- Employer's Liability provides protection to you and/or your business against liability to your employees for bodily injury or property damage occurring in the course of their employment.
- Workmen's Compensation provides protection for accidents to workmen in your employ resulting in death or disablement that may occur in the course of their employment.
- Cash on Premises indemnifies you and/or your business for cash belonging to the business that may be stolen from the business premises consequent upon forcible entry or under the threat of force.
- Cash in Transit indemnifies you and/or your business for loss of cash stolen forcibly during transit between specific points during normal business hours.
- Fidelity Guarantee indemnifies you and/or your business for loss sustained on account of fraud or theft conducted by your employees.





Claims Service

For us, every customer claim is an opportunity to deliver when it matters and to differentiate the Century Insurance customer experience. As soon as you report a claim, our team will come into action, delivering swift and transparent claims assistance wherever you need it. Our team consists of experienced claims professionals dedicated to fairness and transparency in the handling of all claims.

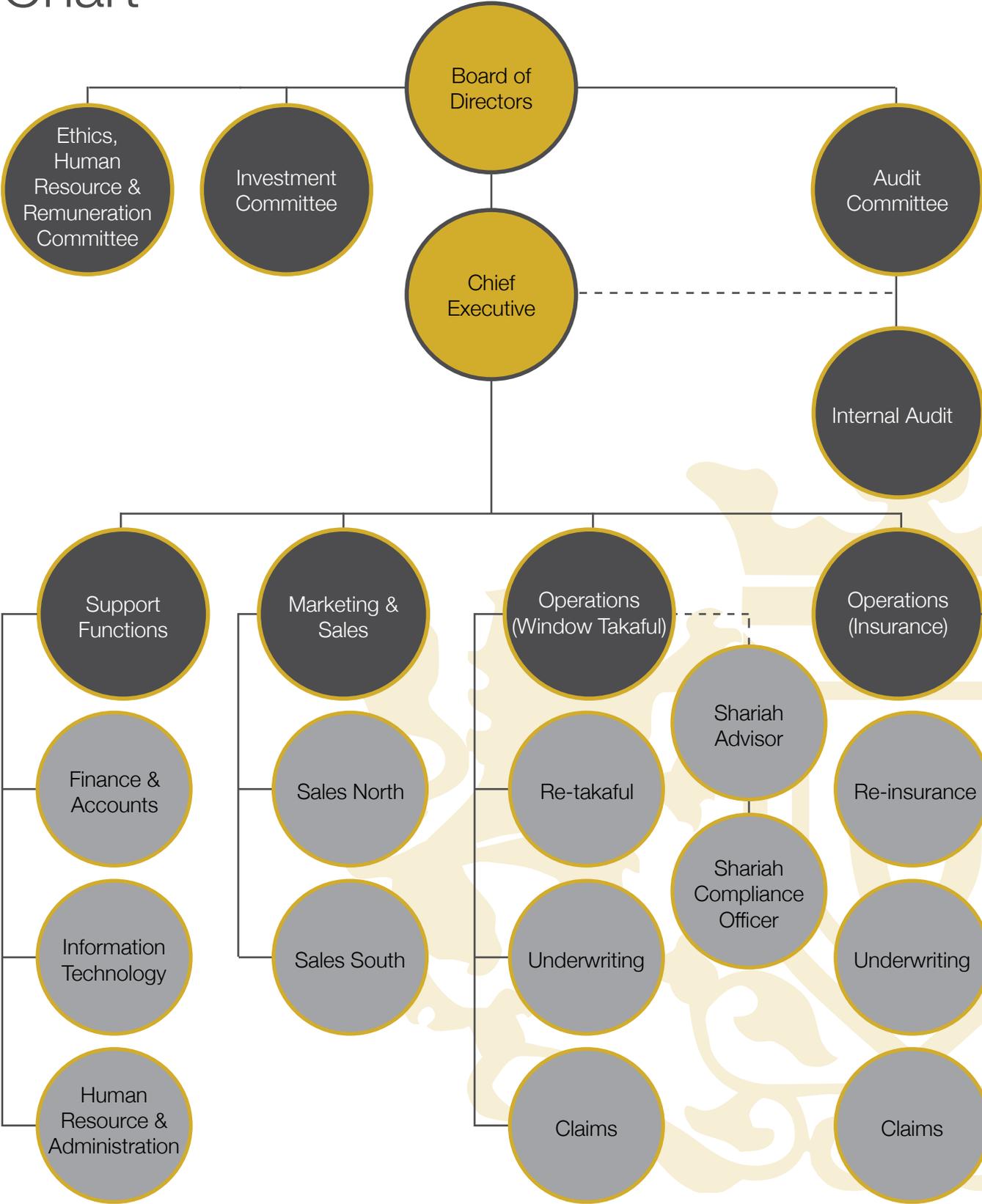
Combining international experience and local knowledge, we will partner with you to give you the assistance you need while helping you to reduce your overall claim costs over time.

Risk Management

Working closely with you, our underwriters and risk engineers can identify and control risk in a broad range of environments, both in the manufacturing and service sectors. With Century Insurance's specialized underwriting knowledge, experienced risk assessments and excellent claims handling, we'll be there to support you should a claim occur. Our Risk Engineers identify, assess and guide you to improve risks helping you reduce losses and the overall risk to your business.

Organisation

Chart



Code of Conduct

1. RELATIONSHIP WITH EMPLOYEES

- Century Insurance Company Limited (CICL) takes pride in the strong personal commitment of its people towards the progress and success of the Company. CICL's policy is to treat individuals in all aspects of employment solely on the basis of merit irrespective of race, religion, color, age, gender, and marital status. CICL believes in individual's respect and their rights.

The Company is committed to the growth of its employees. This is achieved through building a culture of mutual trust, learning and motivation.

- CICL's vision is based on inspiring and developing individuals as their success depends on their ability to make meaningful contributions to the progress of the Company.

2. RELATIONSHIP WITH COMPANY

- The employees of the Company strive to adhere to its guidelines and objectives and to give their best efforts to improve its performance. They recognize the trust placed by the Company in them and act with integrity and honesty in all situations - to preserve that trust and confidence. They avoid conflicts of interest and other situations that are potentially harmful to the progress of the Company.
- The employees of the Company use its assets, facilities and services only for lawful, proper and authorized purposes. They intend to make best use of the Company's equipment, systems and technology in order to have fast and reliable communication and a strong MIS system to further the aims and objectives of the Company.

3. RELATIONSHIP WITH BUSINESS COMMUNITY

- Each employee is responsible for how he or she is perceived by clients and other business partners; it is essential that they maintain the Company's reputation for honesty and fair dealing with these people and organizations.
- It is CICL's policy to respect the trade secrets and proprietary information of others. This is particularly pertinent if one has knowledge of trade secrets and proprietary information of a former employer

4. RELATIONSHIP WITH CLIENTS

- CICL's reputation has been built upon the trust and quality service it is providing. Our commitment to excellence in quality of service and building strong client relationships is essential to the continued growth and success of the Company. Also, vital for success is to meet the challenges of the highly competitive market with our expertise, innovative and creative marketing.

CICL's motto: "Customer satisfaction is management's top priority"

5. RELATIONSHIP WITH GOVERNMENT AND THE LAW

- CICL supports free enterprise and a competitive market system. The Company's policy is to comply fully with all applicable laws irrespective to the extent to which they are enforced. The Company cooperates fully with all government and regulatory bodies and is committed to high standards of corporate governance. Penalties for non-compliance can be severe and can involve criminal proceedings.

- CICAL's financial policies for conducting business are based on trust, transparency, integrity, and following the principles of accounting and finance as approved by regulations and applicable accounting codes. Any unresponsive or false entry, infringement of accounts for individual or Company gain is contrary to our business codes and ethics.

6. RELATIONSHIP WITH SOCIETY

- CICAL strives to operate as a responsible corporate citizen within both the local and global communities.
- CICAL is an equal opportunity employer for all levels of employees irrespective of color, race, gender, age, ethnicity or religious beliefs.
- CICAL provides a safe and healthy workplace, protecting human health and the environment.
- CICAL pays its employees a remuneration that enables them to meet at least their basic needs, and provides employees the opportunity to improve their skills and capabilities.
- CICAL respects employees' freedom of association.
- CICAL works with governments and the communities in which we do business to improve the educational, cultural, economic and social wellbeing of those communities.

7. RELATIONSHIP WITH THE ENVIRONMENT

- Protecting the world in which we live is a vital concern and a continuing commitment. CICAL is dedicated to contributing to the overall quality of life. We recognize and constantly reaffirm the value of a healthy and clean environment.

8. RELATIONSHIP WITH THE SHAREHOLDERS

- CICAL strives to serve the best interests of its shareholders to provide consistent growth and a fair rate of return on their investment and to maintain its position and reputation as one of the leading insurance companies, dedicated to protecting shareholders' investments and providing full and timely information. By conducting our business in accordance with the principles of fairness, decency and integrity set forth here we help to build shareholders' value.

9. RESPONSIBILITY FOR COMPLIANCE

- In accepting employment with the Company, each of us becomes accountable for compliance with these standards of conduct and with all laws and regulations. Managers are responsible for communicating these standards to employees to ensure that they understand and abide by them, and for creating a climate where employees can discuss ethical and legal issues freely.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of Century Insurance Company Limited will be held on Friday, April 27, 2018 at 10:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2017 together with the Directors' and Auditors' reports thereon.
2. To consider and approve final dividend in cash @ 17.50% i.e. Rs. 1.75 per share of Rs. 10 each as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

Special Resolutions

4. To consider to pass the following resolutions:
 - a) **RESOLVED THAT**, "the transactions carried out in normal course of business with associated companies as disclosed in Note No. 31 of the audited financial statements for year ended December 31, 2017 be and are hereby ratified and approved."
 - b) **RESOLVED THAT**, "the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending December 31, 2018 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under Section 134 of the Companies Act, 2017 in the above matters pertaining to item No. 4 is annexed.

By Order of the Board



(MANSOOR AHMED)
Company Secretary

Karachi: March 27, 2018

Notes:

1. The share transfer books of the Company will remain closed from April 21, 2018 to April 27, 2018 (both days inclusive). Transfers received in order by the Share Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi upto the close of business on April 20, 2018 will be treated in time for entitlement of the dividend.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
4. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.
5. Members are requested to promptly notify Share Registrar of the Company of any change in their addresses.
6. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the registrar of the Company M/s. FAMCO Associates (Private) Limited, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder.

7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.cicl.com.pk. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
8. (i) Pursuant to the provisions of the Finance Act, 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:
 1. For filer of income tax return 15%
 2. For non-filer of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to FAMCO Associates (Private) Limited, by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iv) For any query/problem/information, the investors may contact the Company Secretary at phone: 38400000 and email address mansoor@lakson.com.pk and/or FAMCO Associates (Private) Ltd. at phone: 34380101-5 and email address: info.shares@famco.com.pk
- (v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. Without the NTN company would not be in a position to check filer status on the ATL and hence higher tax of 20% may be applied in such cases.
- (vi) Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____ of _____, being a member of Century Insurance Company Limited, holder of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____."

- 9. Pursuant to Securities and Exchange Commission of Pakistan (SECP) Companies (E-voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.

10. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulation, 2018.

11. Form of Proxy is enclosed.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business, given in agenda item No.4 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

1 - Agenda Item No.4(a) of the Notice – Transactions carried out with associated companies during the year ended December 31, 2017 to be passed as a Special Resolution

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6 (b) of the Code of Corporate Governance, 2012.

During the Board Meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors seemingly could not be formed for approval some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended December 31, 2017 with associated companies shown in Note No. 31 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

2 - Agenda Item No. 4(b) of the Notice – Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending December 31, 2018 to be passed as a Special Resolution

The Company would be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 5.19.6 (b) of the PSX Rule Book, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending December 31, 2018.

The Directors are interested in the resolutions to the extent of their common directorships and shareholding in the associated companies and the privileges attached thereto only.

Corporate Calendar

Meetings	Date
Audit Committee meeting to consider accounts of the Company for the year ended December 31, 2016	February 23, 2017
Board of Directors' meeting to consider accounts of the Company for the year ended December 31, 2016	February 27, 2017
Audit Committee meeting to consider accounts of the Company for the quarter ended March 31, 2017	April 25, 2017
Board of Directors' meeting to consider accounts of the Company for the quarter ended March 31, 2017	April 26, 2017
Annual General meeting of shareholders to consider accounts of the Company for the year ended December 31, 2016	April 28, 2017
Audit Committee meeting to consider accounts of the Company for the half year ended June 30, 2017	August 21, 2017
Board of Directors' meeting to consider accounts of the Company for the half year ended June 30, 2017	August 25, 2017
Audit Committee meeting to consider accounts of the Company for the quarter ended September 30, 2017	October 25, 2017
Board of Directors' meeting to consider accounts of the Company for the quarter ended September 30, 2017	October 26, 2017

Access to Reports and Enquiries

Annual Report

Annual report 2017 may be downloaded from the Company's website: www.cicl.com.pk or printed copies obtained by writing to:

The Company Secretary
Century Insurance Company Limited
Registered & Corporate Office
Lakson Square Building No. 2, Sarwar Shaheed
Road, Karachi 74200, Pakistan.

Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports for the year 2017 can be accessed from Century Insurance website: www.cicl.com.pk or printed copies can be obtained by writing to the Company Secretary.

Shareholders' Enquiries

Shareholders' enquiries about their holding, dividends or share certificates should be directed either to Company's registered office or share registrar at the following address:

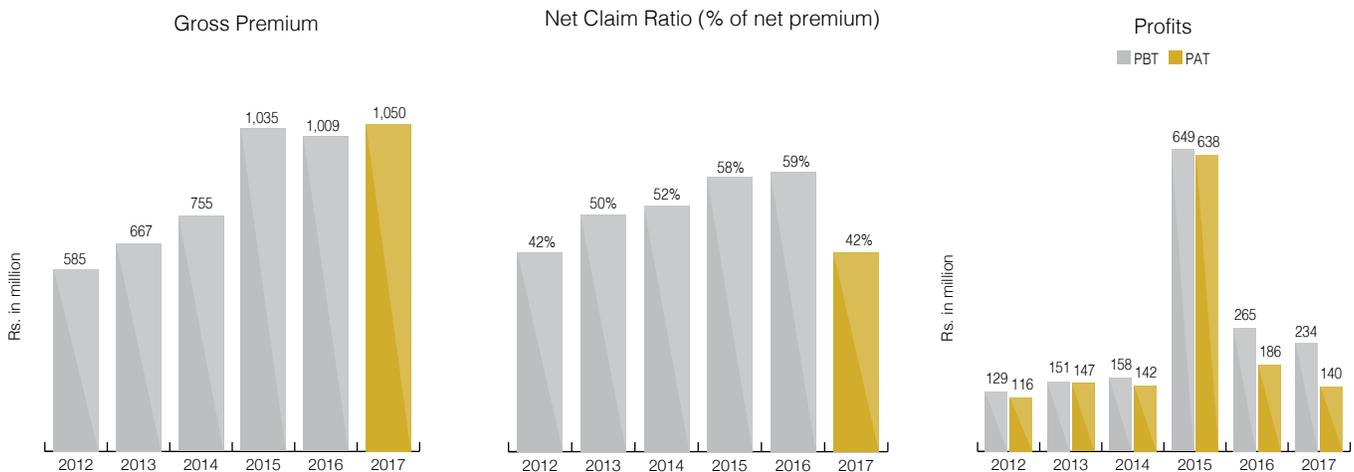
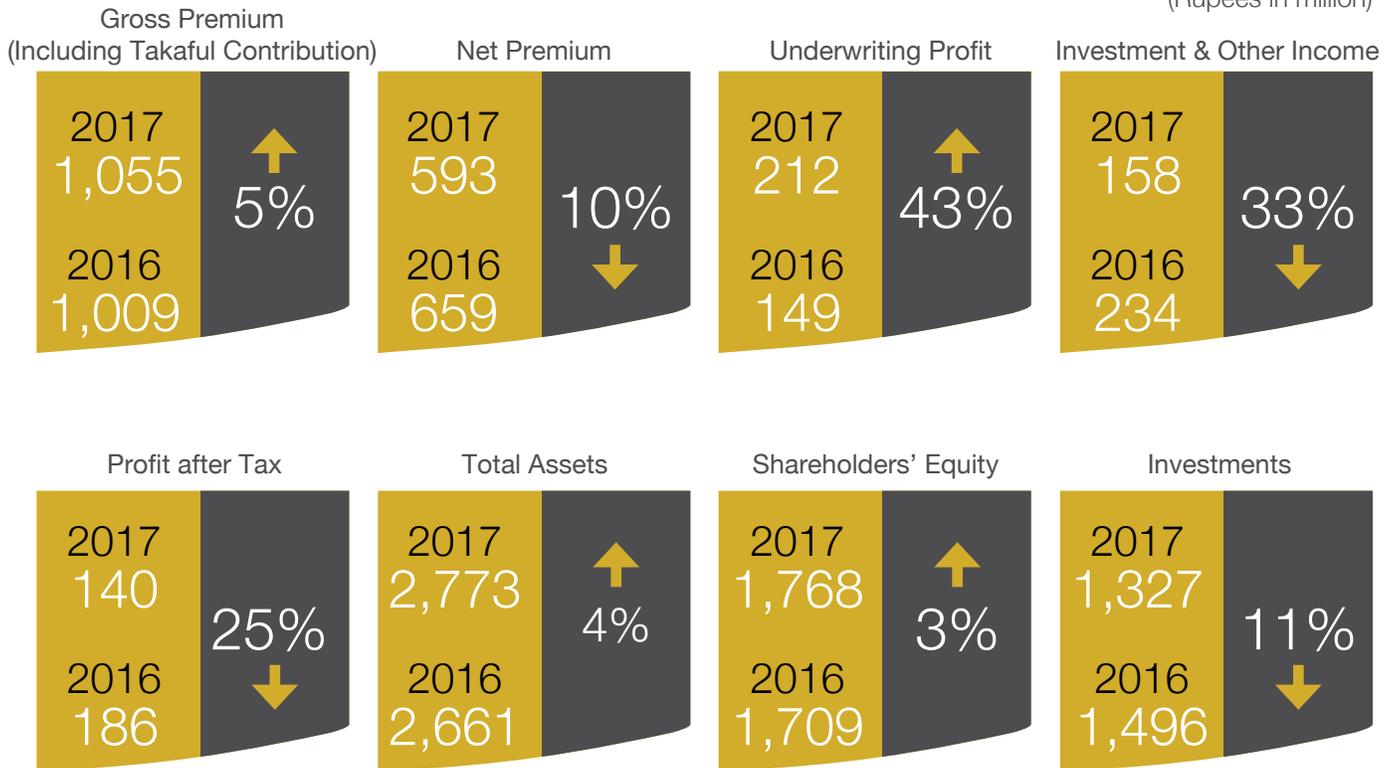
M/s. FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery, Block-6,
P.E.C.H.S., Shakra-e-Faisal, Karachi.

Stock Exchange Listing

Shares of Century Insurance Company Limited are listed on Pakistan Stock Exchange Limited. The symbol code for dealing in shares of the Company is **CENI**.

Performance Highlights

(Rupees in million)



Horizontal Analysis

	2017	2016	2015	2014	2013	2012
BALANCE SHEET						
Assets						
Cash and bank deposits	-11.5%	135.6%	-29.3%	132.9%	16.3%	-7.2%
Investments	-11.3%	-13.7%	57.8%	-1.3%	11.5%	16.1%
Deferred taxation	900.7%	-79.7%	130.9%	17.1%	33.5%	19.5%
Premiums due but unpaid	28.3%	-8.1%	96.4%	13.7%	37.2%	-11.1%
Amounts due from other insurers / reinsurers	-31.5%	-0.4%	54.0%	-23.5%	-15.1%	31.7%
Reinsurance recoveries due but unpaid	-10.7%	5.3%	7.6%	77.4%	-27.8%	165.4%
Salvage recoveries accrued	-44.6%	80.9%	-48.5%	31.3%	-5.0%	-18.4%
Accrued investment income	101.5%	100.0%	-100.0%	-88.0%	10.4%	-3.8%
Reinsurance recoveries against outstanding claims	22.4%	1.5%	-1.0%	-3.8%	-27.4%	-15.9%
Taxation - net	-	-100.0%	287.4%	-78.1%	-7.5%	-36.1%
Deferred commission expense	4.6%	2.7%	26.2%	11.7%	12.6%	15.2%
Prepayments	-1.9%	11.0%	15.9%	7.1%	6.1%	5.1%
Sundry receivables	1413.9%	32.2%	52.7%	-17.0%	15.1%	-28.7%
Fixed assets (tangible & intangible)	-8.2%	28.2%	16.2%	2.7%	7.1%	-9.8%
Total assets of Window Takaful Operation's - Operator's Fund	100%	-	-	-	-	-
Total assets	4.2%	0.01%	41.8%	7.9%	7.9%	9.4%
Shareholders' equity and liabilities						
Paid-up capital	10.0%	-	-	-	-	-
Retained earnings	1.4%	-4.8%	160.1%	26.2%	46.0%	57.9%
Reserves	-	-	-	-	-	-
Provision for outstanding claims (including IBNR)	0.5%	4.8%	27.2%	-10.0%	-5.8%	-8.9%
Provision for unearned premium	13.6%	-13.1%	57.6%	10.9%	22.3%	4.8%
Commission income unearned	-10.7%	6.1%	15.1%	15.5%	7.7%	23.1%
Staff retirement benefits	3.8%	32.6%	51.3%	-38.8%	566.3%	100.0%
Premiums received in advance	297.8%	-90.9%	77.4%	125.8%	34.3%	-78.8%
Amounts due to other insurers / reinsurers	-13.6%	30.9%	3.8%	41.9%	-11.7%	54.2%
Accrued expenses	-3.2%	29.8%	36.7%	6.5%	4.0%	12.4%
Taxation - net	61.5%	100.0%	-	-	-	-
Other creditors and accruals	25.0%	-7.6%	26.8%	-8.5%	24.3%	25.7%
Unclaimed dividend	10.6%	55.9%	28.7%	29.3%	40.5%	25.7%
Total liabilities of Window Takaful Operation's - Operator's Fund	100%	-	-	-	-	-
Total shareholders' equity and liabilities	4.2%	0.01%	41.8%	7.9%	7.9%	9.4%
PROFIT AND LOSS ACCOUNT						
Net premium revenue	-10.0%	28.0%	32.6%	20.8%	19.9%	19.1%
Net claims	-36.8%	30.2%	48.5%	26.8%	42.2%	39.2%
Management expenses	10.6%	27.0%	15.5%	10.0%	8.6%	15.3%
Net commission	5.6%	-12.4%	37.4%	106.7%	2.6%	-34.2%
Investment income	-41.5%	-64.8%	367.1%	2.0%	26.9%	370.0%
Other income - net	164.0%	3.1%	35.1%	11.9%	-36.0%	-19.8%
General and administration expenses	14.5%	1.8%	20.3%	10.8%	10.7%	16.3%
Share of profit / (loss) of associates	134.8%	594.7%	-129.8%	-67.6%	-7.5%	351.3%
(Impairment) / reversal in value of investment in associates	-	100.0%	-250.2%	-68.7%	-94.7%	2366.8%
Loss from Window Takaful Operations	-100%	-	-	-	-	-
Taxation - net	18.8%	619.8%	-31.9%	370.9%	-74.0%	-22.7%
Profit after tax	-24.7%	-70.9%	348.3%	-3.4%	26.7%	219.8%

Vertical Analysis

	2017	2016	2015	2014	2013	2012
BALANCE SHEET						
Assets						
Cash and bank deposits	13.0%	15.4%	6.5%	13.1%	6.1%	5.6%
Investments	47.9%	56.2%	65.1%	58.5%	64.0%	61.9%
Deferred taxation	0.7%	0.1%	0.4%	0.2%	0.2%	0.2%
Premiums due but unpaid	11.3%	9.2%	10.0%	7.2%	6.9%	5.4%
Amounts due from other insurers / reinsurers	2.4%	3.6%	3.6%	3.3%	4.7%	6.0%
Reinsurance recoveries due but unpaid	1.7%	2.0%	1.9%	2.5%	1.5%	2.2%
Salvage recoveries accrued	0.1%	0.2%	0.1%	0.3%	0.2%	0.2%
Accrued investment income	0.2%	0.11%	0.0%	0.0%	0.1%	0.1%
Reinsurance recoveries against outstanding claims	2.7%	2.3%	2.3%	3.2%	3.6%	5.4%
Taxation - net	0.0%	0.0%	0.5%	0.2%	1.0%	1.1%
Deferred commission expense	1.2%	1.2%	1.1%	1.3%	1.2%	1.2%
Prepayments	6.2%	6.5%	5.9%	7.2%	7.3%	7.4%
Sundry receivables	8.4%	0.6%	0.4%	0.4%	0.5%	0.5%
Fixed assets (tangible & intangible)	2.4%	2.7%	2.1%	2.6%	2.7%	2.7%
Total assets of Window Takaful Operation's - Operator's Fund	1.9%	-	-	-	-	-
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Shareholders' equity and liabilities						
Paid-up capital	18.1%	17.2%	17.2%	24.4%	26.3%	28.4%
Retained earnings	32.2%	33.0%	34.7%	18.9%	16.2%	12.0%
Reserves	13.5%	14.0%	14.0%	19.9%	21.5%	23.1%
Provision for outstanding claims (including IBNR)	6.0%	6.2%	5.9%	6.6%	7.9%	9.0%
Provision for unearned premium	13.8%	12.7%	14.6%	13.1%	12.8%	11.3%
Commission income unearned	1.4%	1.6%	1.5%	1.9%	1.8%	1.8%
Staff retirement benefits	0.2%	0.2%	0.1%	0.1%	0.2%	0.0%
Premiums received in advance	0.0%	0.01%	0.1%	0.1%	0.0%	0.0%
Amounts due to other insurers / reinsurers	8.1%	9.8%	7.5%	10.2%	7.8%	9.5%
Accrued expenses	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%
Taxation - net	1.7%	1.1%	0.0%	0.0%	0.0%	0.0%
Other creditors and accruals	4.4%	3.7%	4.0%	4.4%	5.2%	4.6%
Unclaimed dividend	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Total liabilities of Window Takaful Operation's - Operator's Fund	0.1%	-	-	-	-	-
Total shareholders' equity and liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
PROFIT AND LOSS ACCOUNT						
Net premium revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Net claims	-41.6%	-59.2%	-58.2%	-52.0%	-49.5%	-41.8%
Management expenses	-26.5%	-21.6%	-21.7%	-25.0%	-27.4%	-30.3%
Net commission	3.9%	3.3%	4.9%	4.7%	2.7%	3.2%
Investment income	22.0%	33.9%	123.2%	35.0%	41.4%	39.1%
Other income - net	3.7%	1.3%	1.5%	1.5%	1.6%	3.1%
General and administration expenses	-22.8%	-17.9%	-22.5%	-24.8%	-27.0%	-29.3%
Share of profit / (loss) of associates	0.9%	0.4%	-0.1%	0.4%	1.5%	2.0%
(Impairment) / reversal in value of investment in associates	-	-	-1.0%	0.9%	3.5%	2.2%
Loss from Window Takaful Operations	-0.21%	-	-	-	-	-
Taxation - net	-15.8%	-12.0%	-2.1%	-4.1%	-1.1%	-4.9%
Profit after tax	23.6%	28.2%	123.9%	36.6%	45.8%	43.3%

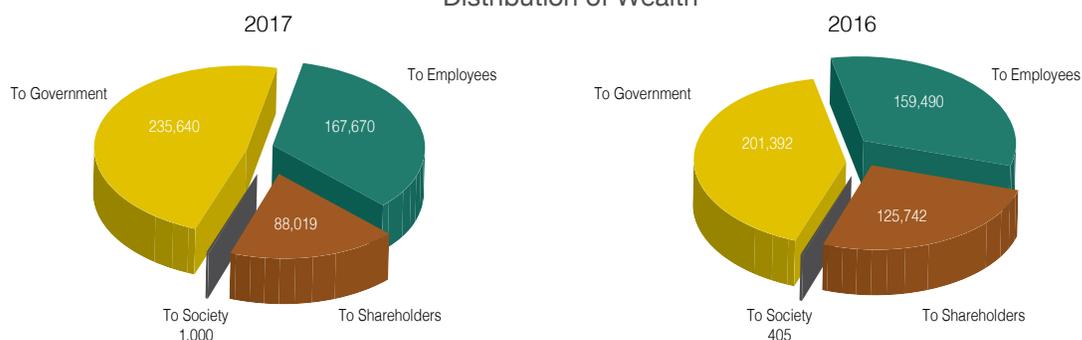
Statement of Value Addition

(Rupees in '000)

	2017	2016
WEALTH GENERATED		
Net premium (including FED & FIF)	735,103	781,847
Commission income	23,240	21,999
Investment income	136,120	225,818
Other income	20,554	8,252
	915,017	1,037,916
Less: Claims and Expenses (excluding employees remuneration, depreciation and donation)	(358,216)	(480,108)
	556,802	557,808
WEALTH DISTRIBUTED		
To Employees	167,670	159,490
To Government:		
Company taxation	93,587	78,795
Levies (including FED & FIF)	142,052	122,596
	235,640	201,392
To Society:		
Donation	1,000	405
	1,000	405
To Shareholders:		
Dividend *	88,019	125,742
	88,019	125,742
Retained in Business:		
Depreciation and amortisation	12,486	10,653
Net earnings	51,987	60,126
	64,473	70,779
	556,802	557,808

* Includes cash dividend amounting to Rs. 88.019 million (2016: Rs. 80.017 million) and bonus share of NIL (2016 : Rs. 45.724 million) proposed by the Board of Directors subsequent to the year end.

Distribution of Wealth



Chairman's Review

On behalf of the Board of Directors, it is my pleasure to present to you, the Annual Report and performance review of the Company for the year ended December 31, 2017.

Review of the Economy

Pakistan's economy is expected to achieve GDP growth of 5.5% in FY18. The agriculture, industry and services sectors are all contributing to GDP growth. Better weather and use of inputs boosted agriculture growth whereas upturns in steel, sugar, electronics, automobiles, pharmaceuticals and cement gave a boost to manufacturing. Strong growth in wholesale and retail trade as well as finance and insurance contributed to growth in services.

Inflation is expected to increase in the coming months due to the impact of PKR depreciation and rising international oil prices. Thus, in order to preempt overheating of the economy and inflation breaching its target rate, the Monetary Policy Committee decided to raise the policy rate by 25 bps to 6.0% in January 2018. However, the IMF has suggested that Pakistan should further tighten its monetary policy in the months ahead.

On the external front, the current account deficit widened to US\$ 7.4 billion during H1-FY18 on the back of strong growth in imports of goods and services. As a result, SBP's liquid foreign exchange reserves witnessed a decline of US\$ 2.6 billion since end June 2017 to reach US\$ 13.5 billion as of January 19, 2018. The gross reserves position is expected to further deteriorate in the months to come.

On the fiscal side, Pakistan's budget deficit widened to PKR 796.3 billion during H1-FY18, which is more than half of the annual target primarily due to the high cost of domestic and foreign debt servicing. Keeping in view the current trend, the deficit may cross 5% of GDP by the end of FY18 versus the annual target of 4.1% of GDP approved by Parliament in June of last year.

Going forward, GDP growth remains strong; bottlenecks on the supply side, in particular electricity and security concerns seem to have been controlled; inflation is still at a manageable level and domestic demand remains strong due to new and ongoing China Pakistan Economic Corridor (CPEC) and other infrastructure projects.

However, the budget deficit and the current account deficit remain the two biggest challenges and causes of concern for Pakistan's economy. On the fiscal side, there is an urgent need to broaden the tax base, ensure stronger fiscal discipline and stem the losses in key public-sector enterprises. On the external front, the current account deficit has been widening quickly and foreign exchange reserves continue to decline. This is likely to lead to a further PKR devaluation versus the US Dollar and a need to borrow from external sources.

Company Performance Highlights

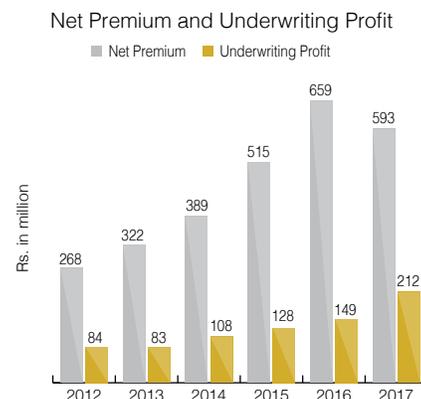
2017 has been a good year for Century Insurance Company Limited. All classes of business were profitable and there was a marked improvement in the underwriting result and overall operational income of the company.

The comparative financial highlights for the years 2017 and 2016 are presented as follows:

Rupees in millions (except as otherwise stated)	2017	2016
Gross Premium Written	1,050	1,009
Net Premium	593	659
Net Claims	(247)	(390)
Underwriting Profit	212	149
Investment and Other Income	157	234
Profit after tax	140	186
Total Assets	2,772	2,661
Paid-up Capital	503	457
Total Equity	1,768	1,709
Earnings per share – Rs.	2.78	3.70*

*(Re-stated)

During the year under review, gross premium increased to Rs. 1,050 million from Rs. 1,009 million in 2016, an



increase of 4.1%. Net premium reduced to Rs. 593 million from Rs. 659 million in 2016, a decrease of 10% mainly due to a voluntary pruning of unprofitable accounts in the health insurance portfolio. Net claims reduced to Rs. 247 million as compared to Rs. 390 million in 2016, a decrease of Rs. 143 million, i.e. 37%. The Underwriting result improved by 43% to Rs. 212 million as compared to Rs. 149 million in 2016.

Window Takaful Operations

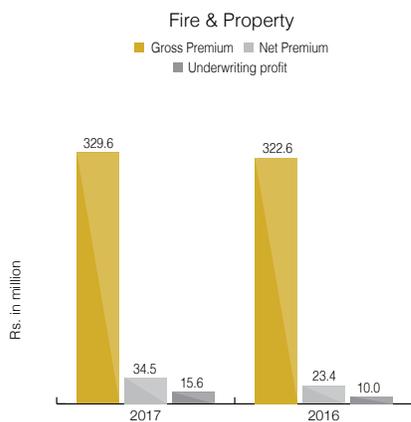
The Company was granted a license by the Securities & Exchange Commission of Pakistan on August 07, 2017 to carry out Window Takaful Operations under The Takaful Rules, 2012. It formally commenced its Window Takaful Operations on August 18, 2017 and was successful in underwriting a gross contribution of Rs. 5.4 million during the remaining months of the year. The deficit under Participants' Takaful Fund was Rs. 0.17 million. This portfolio is expected to grow steadily in the years to come.

Segments at a Glance

All classes of business produced excellent results as given below:

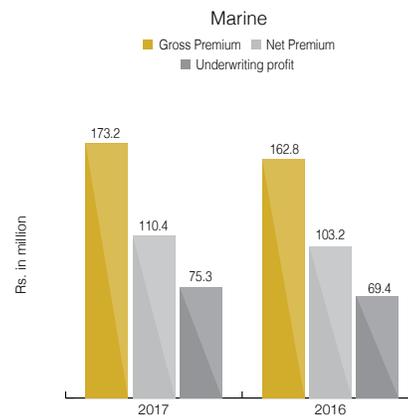
Fire & Property Damage

Fire & Property Damage class of business constitutes 31% of the total premium portfolio. Gross premium underwritten during the year was Rs. 329.6 million as compared to Rs. 322.6 million in 2016, an increase of 2%. Net premium stood at Rs. 34.5 million as against Rs. 23.4 million in 2016. The net claim to net premium ratio for the year under review was 10% resulting in an underwriting profit of Rs. 15.6 million as against Rs. 10 million in 2016, an increase of 56%.



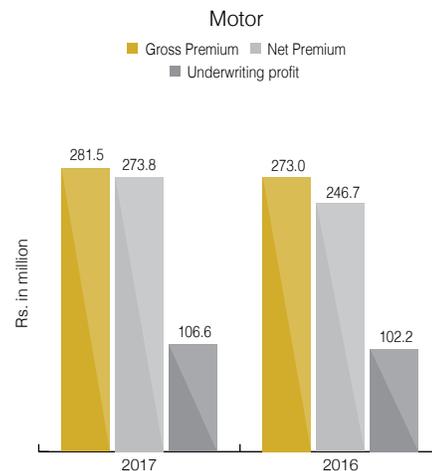
Marine, Aviation and Transport

Marine, Aviation & Transport class of business constitutes 17% of the total premium portfolio. Gross premium underwritten during the year was Rs. 173.2 million as compared to Rs. 162.8 million in 2016, an increase of 6%. Net premium stood at Rs. 110.4 million as against Rs. 103.2 million in 2016. The net claim to net premium ratio for the year under review was 11% resulting in an underwriting profit of Rs. 75.3 million as against Rs. 69.4 million in 2016, an increase of 9%.



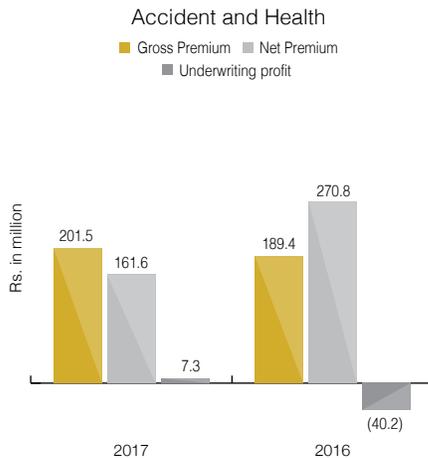
Motor

Motor class of business constitutes 27% of the total premium portfolio. Gross premium underwritten during the year was Rs. 281.5 million as compared to Rs. 273.0 million in 2016, an increase of 3%. Net premium stood at Rs. 273.8 million as against Rs. 246.7 million in 2016. The net claim to net premium ratio for the year under review was 39% resulting in an underwriting profit of Rs. 106.6 million as against Rs. 102.2 million in 2016, an increase of 4%.



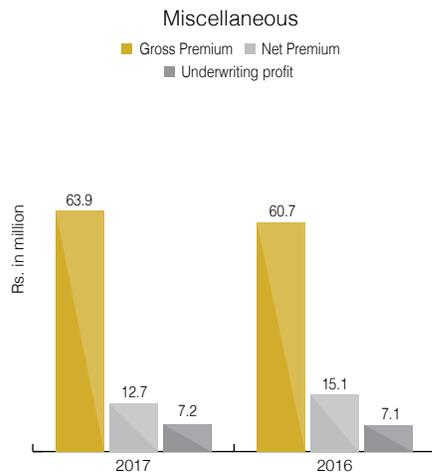
Accident and Health

Accident and Health class of business constitutes 19% of the total premium portfolio. Gross premium underwritten during the year was Rs. 201.5 million as compared to Rs. 189.4 million in 2016, an increase of 6%. Net premium reduced to Rs. 161.6 million as against Rs. 270.8 million in 2016, a decrease of 40% mainly due to pruning of unprofitable accounts. The net claim to net premium ratio for the year under review was 75% resulting in an underwriting profit of Rs. 7.3 million as against an underwriting loss of Rs. 40.2 million in 2016, an increase of 118%.



Miscellaneous

Miscellaneous class of business constitutes 6% of the total premium portfolio. Gross premium underwritten during the year was Rs. 63.9 million as compared to Rs. 60.7 million in 2016, an increase of 5%. Net premium reduced to Rs. 12.7 million as against Rs. 15.1 million in 2016. The net claim to net premium ratio for the year under review was 39% resulting in an underwriting profit of Rs. 7.2 million as against Rs. 7.1 million in 2016, an increase of 1%.



Investment Income

During the year under review, Investment and Other Income contributed Rs. 157.9 million to the bottom line of the company as against Rs. 234.1 million in 2016, a decrease of Rs. 76.2 million.

The company realized gain in its shares and mutual funds portfolio of Rs. 44.8 million during the year under review as against Rs. 168.5 million in 2016, a decrease of Rs. 123.7, mainly due to decline in the equity market during the latter half of 2017. Investment income includes dividend income of Rs. 107.6 million and returns earned on government securities of Rs. 6.3 million. Other income includes interest on bank deposits of Rs. 20.9 million.

Management's policy is to make diversified and secure investments while ensuring safety and a sound balance between risks and returns.

Claim Settlement

Prompt settlement of claims and customer satisfaction is the company's highest priority as it helps build the trust of its valued clients and earns their goodwill.

Board Performance Evaluation

The Board has developed a mechanism to evaluate its own performance by adopting a self-evaluation methodology through a questionnaire, which covers core areas of the functioning of the Board. The primary purpose of this evaluation is to enable the Board to assess its own quality of governance and board members to play a more effective role in the progress of the Company. The overall performance and effectiveness of the Board for 2017 was assessed as satisfactory.

The member of the Board and Committees received agenda and supporting documents in timely fashion prior to the meetings. The Board meets frequently enough to adequately discharge its responsibilities.

Reinsurance

The company has strong reinsurance arrangements with some of the best and most highly rated reinsurers in the international market who have full faith and confidence in its underwriting practices. We are thankful to all our reinsurers for their unwavering support and continued cooperation.

Insurer Financial Strength Rating (IFSR)

JCR-VIS, an affiliate of Japan Credit Rating Agency Ltd. has maintained the company's rating at 'A+' with a 'Stable' outlook, signifying a high capacity to meet contractual obligations.

Human Resource Initiatives

The management is of the firm belief that complete alignment of the human resource strategy with overall corporate goals is vital for the success of any organization. In today's competitive environment, we realize that it is important to place emphasis on retaining and developing existing staff and implementing effective performance reviews. During the year under review, your company has been successful in hiring quality professionals particularly in the area of business development. Our continued focus on creating a meritocratic work environment with equal opportunity for all and a clear career path go a long way in maintaining a pool of knowledgeable, experienced and skilled employees who remain our most valuable asset.

Acknowledgments

On behalf of all the Directors, I would like to thank our shareholders who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company. I also wish to place on record our appreciation of the devotion, loyalty and hard work of the management and members of the staff that have contributed towards the growth of the Company and success of its operations.



Iqbal Ali Lakhani
Chairman

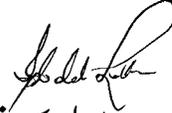
Karachi: February 27, 2018

Note: To read urdu translation of the above Chairman's review please refer page 35 to 32.

انہوں نے کمپنی کی ترقی اور اس کے کاروباری سرگرمیوں کی کامیابی میں اہم کردار ادا کیا ہے۔

کار اور ہنرمند ملازمین کا ایک ذخیرہ برقرار رکھنے میں بہت اہم کردار ادا کرتا ہے جو بدستور ہمارا سب سے قیمتی اثاثہ ہیں۔

اعتراف


اقبال علی لاکھانی
چیئرمین

کراچی: 27 فروری 2018

میں کمپنی کے تمام ڈائریکٹرز کی طرف سے ہمارے شیئر ہولڈرز کا شکریہ ادا کرنا چاہوں گا جنہوں نے کمپنی پر اپنے اعتماد اور بھروسے کا سلسلہ برقرار رکھا اور ہم کمپنی میں ان کی انویسٹمنٹ کے بہترین استعمال کے لیے اپنی اعلیٰ ترین کوششوں کی یقین دہانی کراتا ہوں۔ میں یہاں انتظامیہ اور عملے کے ارکان کی اس لگن، وفاداری اور محنت پر بھی ہمارا اظہارِ ستائش ریکارڈ پر لانا چاہوں گا جس کے ذریعے

متفرق

متفرق کلاس کا کاروبار مجموعی پورٹ فولیو کے 6 فی صد پر مشتمل ہے۔ سال کے دوران انڈر رائٹ کیا گیا مجموعی پریمیم 2016 کے 60.7 ملین روپے کے مقابلے میں بڑھ کر 63.9 ملین روپے ہو گیا اس میں 5 فی صد کا اضافہ ہوا۔ خالص پریمیم 2016 کے 15.1 ملین روپے کے مقابلے میں کم ہو کر 12.7 ملین روپے رہا۔ زیر جائزہ سال کے لیے خالص پریمیم سے خالص کلیمز کا تناسب 39 فی صد تھا جس کا نتیجہ 2016 میں 7.1 ملین روپے کے مقابلے میں 7.2 ملین روپے انڈر رائٹنگ منافع کی صورت میں برآمد ہوا جو 1 فی صد اضافہ ہے۔

بورڈ کی کارکردگی کا جائزہ

بورڈ نے اپنی کارکردگی کو جانچنے کے لیے سوال نامے پر مبنی ایک ایسا طریقہ تشکیل دیا ہے جو بورڈ کے بنیادی کاموں کا احاطہ کرتا ہے۔ تشخیص کے اس طریقہ کار کا بنیادی مقصد بورڈ کا اپنی گورننس کے معیار اور بورڈ ممبران کا جائزہ لینا ہے تاکہ کمپنی کی ترقی میں ان کے کردار کو مزید فعال بنایا جاسکے۔ بورڈ کی مجموعی کارکردگی کو 2017 میں جانچا گیا ہے جو کہ انتہائی موثر اور اطمینان بخش رہی۔

بورڈ اور کمیٹی ممبران کو ایجنڈا اور اس سے منسلک کاغذات میٹنگ شروع ہونے پہلے فراہم کر دیے جاتے ہیں۔ بورڈ اپنی ذمہ داری کو انجام دینے کے لیے وقتاً فوقتاً جمع ہوتا ہے۔

انویسٹمنٹ سے آمدنی

انویسٹمنٹ اور دیگر آمدنی نے زیر جائزہ سال کے دوران کمپنی کے حتمی سرمائے میں 2016 میں 234.1 ملین روپے کے مقابلے میں 157.9 ملین روپے حصہ شامل کیا جو 76.2 ملین روپے کمی ہے۔

ری انشورنس

کمپنی نے بین الاقوامی مارکیٹ کی سب سے بہترین اور اعلیٰ ریٹنگ والی ری انشورنس کمپنیوں کے ساتھ ری انشورنس کے مستحکم انتظامات کر رکھے ہیں جو ہمارے انڈر رائٹنگ کے معمولات پر مکمل یقین اور اعتماد رکھتی ہیں۔ ہم اپنے تمام ری انشوررز کے، ان کی لگا تار حمایت اور مسلسل تعاون پر شکرگزار ہیں۔

کمپنی نے زیر جائزہ سال کے دوران اپنے شیئرز اور میوچل فنڈز پورٹ فولیو کی فروخت سے 2016 میں 168.5 ملین روپے کے مقابلے میں 44.8 ملین روپے حاصل کیے جو 123.7 ملین روپے کم ہے، جس کی بنیادی وجہ 2017 کے دوسرے نصف کے دوران ایکویٹی مارکیٹ کی گراوٹ ہے۔ انویسٹمنٹ کی آمدنی میں 107.6 ملین روپے کی ڈیویڈنڈ آمدنی اور حکومتی سیکورٹیز پر کمایا گیا 6.3 ملین روپے منافع شامل ہے۔ دیگر آمدنی میں بینک ڈپازٹس پر 20.9 ملین روپے منافع شامل ہے۔

انشورر فائنانشل اسٹریٹجی ریٹنگ (IFSR)

جاپان کریڈٹ ریٹنگ ایجنسی لمیٹڈ سے منسلک JCR-VIS نے آپ کی کمپنی کو مستقبل میں استحکام (stable outlook) کے ساتھ "A+" ریٹنگ سے نوازا ہے جو "پالیسی ہولڈرز اور معاہدوں سے متعلق ذمہ داریوں سے عہدہ برآ ہونے کی اعلیٰ صلاحیت" کی نشاندہی کرتی ہے۔

انتظامیہ کی پالیسی ہے کہ خطرات اور منافع جات میں محفوظ اور مستحکم توازن یقینی بناتے ہوئے متنوع اور محفوظ انویسٹمنٹس کی جائیں۔

افراد و وسائل سے متعلق اقدامات

انتظامیہ پختہ یقین رکھتی ہے کہ مجموعی کاروباری اہداف کے ساتھ افرادی وسائل اور وژن اور مہم کی مکمل ہم آہنگی کسی ادارے کی کامیابی کے لیے اہم ہوتی ہے۔ موجودہ دور کے مسابقتی ماحول میں ہمیں ادراک ہے کہ موجودہ عملے کی نگہداشت اور فروغ اور کارکردگی کے موثر جائزوں کے اطلاق پر زور دینا انتہائی اہم ہے۔ زیر جائزہ سال کے دوران آپ کی کمپنی کو الٹی پروفیشنل کی خدمات، خصوصاً کاروبار کے فروغ کے شعبے میں، حاصل کرنے میں کامیاب رہی۔ ہمارا اہلیت پر مبنی کام کا ماحول مع سب کے لیے مساوی مواقع پر مسلسل توجہ مرکوز رکھنا صاحب علم، تجربے

کلیم ادا یگی

کلیمز کی بروقت ادائیگی اور کسٹمر کا اطمینان کمپنی کی سب سے بلند ترجیح ہے، یہ سب سے اہم امر ہے جو معزز کلائنٹس کی نظروں میں آپ کی کمپنی کا اعتبار بڑھانے اور ان کی خوشنودی کا سبب بنتا ہے۔

میرین، ایوی ایشن اینڈ ٹرانسپورٹ (جہاز رانی، ہوابازی اور نقل و حمل) میرین، ایوی ایشن اینڈ ٹرانسپورٹ کلاس مجموعی پورٹ فولیو کے 17 فی صد پر مشتمل ہے۔ سال کے دوران انڈر رائٹ کیا گیا مجموعی پریمیوم 2016 کے 162.8 ملین روپے کے مقابلے میں بڑھ کر 173.2 ملین روپے ہو گیا اس میں 6 فی صد کا اضافہ ہوا۔ خالص پریمیوم 2016 کے 103.2 ملین روپے کے مقابلے میں 110.4 ملین روپے رہا۔ زیر جائزہ سال کے لیے خالص پریمیوم سے خالص کلیمز کا تناسب 11 فی صد تھا جس کا نتیجہ 2016 میں 69.4 ملین روپے کے مقابلے میں 75.3 ملین روپے انڈر رائٹنگ منافع کی صورت میں برآمد ہوا جو 9 فی صد اضافہ ہے۔

موٹر

موٹر کلاس کا کاروبار مجموعی پورٹ فولیو کے 27 فی صد پر مشتمل ہے۔ سال کے دوران انڈر رائٹ کیا گیا مجموعی پریمیوم 2016 کے 273.0 ملین روپے کے مقابلے میں بڑھ کر 281.5 ملین روپے ہو گیا اس میں 3 فی صد کا اضافہ ہوا۔ خالص پریمیوم 2016 کے 246.7 ملین روپے کے مقابلے میں 273.8 ملین روپے رہا۔ زیر جائزہ سال کے لیے خالص پریمیوم سے خالص کلیمز کا تناسب 39 فی صد تھا جس کا نتیجہ 2016 میں 102.2 ملین روپے کے مقابلے میں 106.6 ملین روپے انڈر رائٹنگ منافع کی صورت میں برآمد ہوا جو 4 فی صد اضافہ ہے۔

ایکسیڈنٹ اینڈ ہیلتھ (حادثہ جاتی اور صحت)

ایکسیڈنٹ اینڈ ہیلتھ کلاس کا کاروبار مجموعی پورٹ فولیو کے 19 فی صد پر مشتمل ہے۔ سال کے دوران انڈر رائٹ کیا گیا مجموعی پریمیوم 2016 کے 189.4 ملین روپے کے مقابلے میں بڑھ کر 201.5 ملین روپے ہو گیا اس میں 6 فی صد کا اضافہ ہوا۔ خالص پریمیوم 2016 کے 270.8 ملین روپے کے مقابلے میں 161.6 ملین روپے رہا جس کی وجہ سے 40 فی صد کی کمی ہوئی جو بنیادی طور پر غیر منافع بخش اکاؤنٹس کو ختم کرنے کا نتیجہ ہے۔ زیر جائزہ سال کے لیے خالص پریمیوم سے خالص کلیمز کا تناسب 75 فی صد تھا جس کے نتیجہ میں 2016 میں 40.2 ملین روپے کے نقصان کے مقابلے میں 7.3 ملین روپے انڈر رائٹنگ منافع کی صورت میں برآمد ہوا جو 118 فی صد اضافہ ہے۔

مجموعی پریمیوم 2016 کے 1,009 ملین روپے سے بڑھ کر زیر جائزہ سال کے دوران 1,050 ملین روپے تک پہنچ گیا جو 4.1% اضافہ تھا۔ خالص پریمیوم 2016 میں 659 ملین روپے سے کم ہو کر 2017 میں 593 ملین روپے ہو گیا، یہ 10% کمی بنیادی طور پر ہیلتھ انشورنس پورٹ فولیو میں غیر منافع بخش اکاؤنٹ کورضا کارانہ طور ختم کر دینے کا نتیجہ تھی۔ خالص کلیمز 2016 میں 390 ملین روپے کے مقابلے میں کم ہو کر 2017 میں 247 ملین روپے ہو گئے، یہ 143 ملین روپے یعنی 37% کمی تھی۔ انڈر رائٹنگ منافع 2017 میں 43 فی صد اضافے کے ساتھ 212 ملین روپے، جبکہ 2016 میں 149 ملین روپے تھا۔

ونڈو ٹرانزیکشنز

کمپنی کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے 107 اگست 2017 کو ٹرانزیکشن روز 2012 کے تحت ونڈو ٹرانزیکشنز سرانجام دینے کے لیے لائسنس دیا گیا تھا۔ اس نے رسمی طور پر 18 اگست 2017 کو اپنے ونڈو ٹرانزیکشنز کا آغاز کر دیا تھا اور سال کے بقایا مہینوں کے دوران 5.4 ملین روپے کا مجموعی حصہ انڈر رائٹ کرنے میں کامیاب رہی۔ ٹرانزیکشنز کے شرکاء کے تحت خسارہ 0.17 ملین روپے تھا۔ آنے والے برسوں میں اس پورٹ فولیو میں تسلسل سے نمو کی توقع ہے۔

شعبوں پر ایک نظر

کاروبار کے ہر شعبے کی بہترین کارکردگی کا جائزہ درج ذیل ہے:

فائر اینڈ پراپرٹی ڈیپارٹمنٹ (آگ اور جاسیاد)

فائر اینڈ پراپرٹی ڈیپارٹمنٹ کلاس مجموعی پورٹ فولیو کے 31 فی صد پر مشتمل ہے۔ انڈر رائٹ کیا گیا مجموعی پریمیوم 2016 کے 322.6 ملین روپے کے مقابلے میں بڑھ کر 329.6 ملین روپے ہو گیا اس میں 2 فی صد اضافہ ہوا۔ خالص پریمیوم 2016 کے 23.4 ملین روپے کے مقابلے میں 34.5 ملین روپے رہا۔ زیر جائزہ سال کے لیے خالص پریمیوم سے خالص کلیمز کا تناسب 10 فی صد تھا جس کا نتیجہ 2016 میں 10 ملین روپے کے مقابلے میں 15.6 ملین روپے انڈر رائٹنگ منافع کی صورت میں برآمد ہوا جو 56 فی صد اضافہ ہے۔

چیئر مین کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے آپ کو سالانہ رپورٹ اور 31 دسمبر 2017 کو ختم ہونے والے سال کے لیے کمپنی کی کارکردگی کا جائزہ پیش کرنا میرے لیے باعث مسرت ہے۔

معیشت کا جائزہ

مالی سال 2018 کے دوران پاکستان کی معیشت میں 5.5 فی صد GDP نمو کی توقع ہے۔ زراعت، صنعت اور خدمات کے شعبے، GDP کی نمو میں کردار ادا کر رہے ہیں۔ بہتر موسمی حالت اور مصنوعات کے استعمال سے زراعی ترقی میں اضافہ ہوا ہے، اس کے ساتھ ساتھ اسٹیل، شوگر، الیکٹرونکس، آٹو موبائل، دواسازی اور سمینٹ نے پیداوار کو فروغ دیا ہے۔ ہوسیل اور ریٹیل بزنس کی ترقی کے ساتھ فنانس اور انشورنس نے خدمات کے شعبے میں ترقی کی ہے۔

روپے کی قدر میں کمی اور تیل کی بڑھتی ہوئی عالمی قیمتوں کے اثرات کی وجہ سے آنے والے مہینوں میں افراط زر میں اضافے کا امکان ہے۔ چنانچہ معیشت کی اعتدال سے زائد گرم بازاری اور افراط زر کے اپنے ہدف سے تجاوز کو دیکھتے ہوئے، مالیاتی پالیسی کمیٹی نے جنوری 2018 میں پالیسی ریٹ 25 بنیادی پوائنٹ اضافے کے ساتھ 6 فی صد تک بڑھانے کا فیصلہ کیا۔ البتہ IMF نے پاکستان کو تجویز کی ہے کہ آئندہ مہینوں میں مالیاتی پالیسی کو سخت کیا جائے۔

بیرونی طور پر، مالی سال کرنٹ اکاؤنٹ خسارہ اثنیٰ اور خدمات کی درآمد میں زبردست اضافے کے نتیجے میں مالی سال 2018 کے پہلے نصف میں کرنٹ اکاؤنٹ خسارہ 7.4 ارب ڈالر تک پھیل گیا۔ جس کے نتیجے کے طور پر SBP کے نقد زرمبادلہ کے ذخائر میں جون 2017 کے آخر تک 2.6 ارب ڈالر کمی دیکھنے میں آئی جو 19 جنوری 2018 کو 13.5 ارب ڈالر تک پہنچ گئے ہیں۔ آئندہ مہینوں میں مجموعی زرمبادلہ کے ذخائر میں مزید کمی کا اندیشہ ہے۔

مالیاتی طور پر، مالی سال 2018 کے پہلے نصف کے دوران پاکستان کا بجٹ خسارہ 796.3 ارب روپے تک وسیع ہو گیا جو سالانہ ہدف کے نصف سے بھی زیادہ ہے۔ جس کی وجہ بنیادی طور پر آندورنی اور بیرونی قرضوں کا بوجھ ہے۔ موجودہ رجحان کے پیش نظر گزشتہ سال جون میں پارلیمنٹ کی طرف سے منظور کردہ GDP کے 4.1 فی صد کے سالانہ ہدف کے مقابلے میں خسارہ مالی سال 2018 کے پہلے نصف کے دوران 5 فی صد کو عبور کر سکتا ہے۔

اس کے ساتھ ساتھ GDP کی نمو مستحکم رہی، سپلائی کے رخ پر کاؤٹیں، خصوصاً بجلی اور امن وامان سے متعلق خدشات، بظاہر قابو کر لیے گئے ہیں، افراط زر اب بھی قابو میں رکھنے کی حد میں ہے اور چین پاکستان اقتصادی راہداری (CPEC) اور دیگر انفراسٹرکچر منصوبوں کی وجہ سے مقامی طلب بدستو اضافہ رہے گا۔ یہ عوامل ہمیں معیشت کے لیے ایک اور اچھے سال کے لیے پُر امید بناتے ہیں۔ بجٹ خسارہ اور کرنٹ اکاؤنٹ خسارہ بدستو پاکستان کی معیشت کے لیے دو سب سے بڑے چیلنج ہیں جو کہ پاکستان کی معیشت کے لئے تشویش کا باعث ہے۔ مالیاتی طور پر اشد ضرورت ہے کہ ٹیکس کے حجم کو بڑھایا جائے، اس بات کو یقینی بنایا کہ مضبوط مالیاتی نظم و ضبط کے ساتھ اہم پبلک سیکٹر میں نقصانات کو کم کیا جائے۔ بیرونی طور پر کرنٹ اکاؤنٹ خسارہ تیزی سے بڑھ گیا ہے اور غیر ملکی زرمبادلہ کے ذخائر میں کمی ہو رہی ہے، جسکی وجہ سے ڈالر کے مقابلے میں روپے کی قدر میں مزید کمی ہوگی اور بیرونی قرضوں کی ضرورت ہے۔

کمپنی کی کارکردگی کی جھلکیاں

2017 سینجری انشورنس کمپنی لمیٹڈ کے لیے ایک بہترین سال رہا ہے۔ کاروبار کے تمام شعبے منافع بخش رہے اور کمپنی کے انڈر رائٹنگ نتیجے اور مجموعی آپریشنل آمدنی میں بھی بہتری نمایاں تھی۔

2016 اور 2017 کے سالوں کی باہم مسابقتی مالیاتی جھلکیاں درج ذیل ہیں:

2016	2017	ملین روپے (ماسوائے جب کسی اور طرح بیان کیا ہو)
1,009	1,050	تخریر شدہ مجموعی پرییم
659	593	خالص پرییم
(390)	(247)	خالص کلیئر
149	212	انڈر رائٹنگ منافع
234	157	سرمایہ کاری اور دیگر ذرائع آمدنی
186	140	بعد از ٹیکس منافع
2,661	2,772	مجموعی اثاثے
457	503	پیڈ اپ کلیئر
1,709	1,768	مجموعی ایکویٹی
3.70	2.78	فی شیئر آمدنی (روپے)

(تصحیح شدہ)

Directors' Report

The directors of Century Insurance Company Limited (the Company) take pleasure in presenting their report together with the annual audited financial statements and auditors' report thereon for the year ended December 31, 2017.

Appropriation of Profit

Profits for the year ended December 31, 2017 has been appropriated as follows:

	(Rupees)
Balance brought forward from previous years	753,306,158
Total comprehensive income for year	138,416,591
Amount available for appropriations	891,722,749
Appropriations:	
Proposed final cash dividend @ 17.5%	(88,019,405)
Un-appropriated amount carried forward	803,703,344

Earnings per Share

Your Company has earned a profit after tax of Rs. 140 million which translates into earnings per share of Rs. 2.78 as compared to Rs. 3.70 (re-stated) for the previous year.

Paid-up Capital

Your Company has a strong financial base with a paid-up capital of Rs. 503.0 million. Factoring in retained earnings and reserves, the total equity as at December

31, 2017 stood at Rs. 1,767.7 million. The larger equity base will enhance the financial strength and underwriting capabilities of the Company.

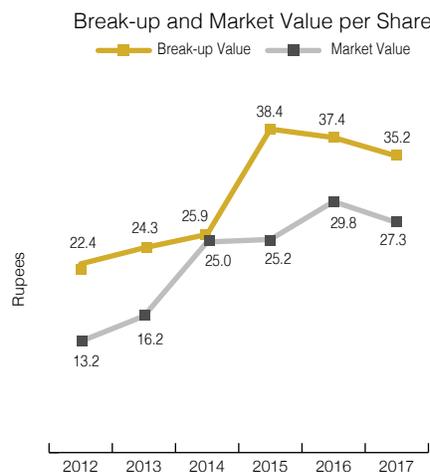
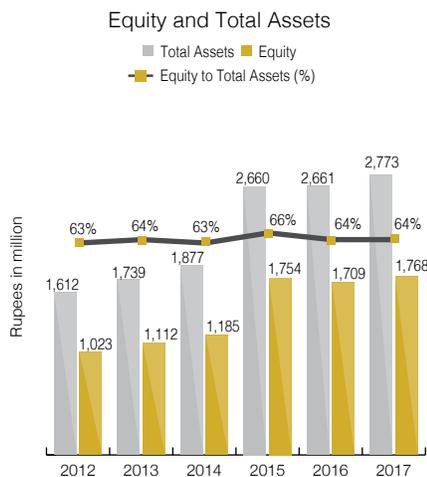
Auditors

M/s. KPMG Taseer Hadi & Co, Chartered Accountants, retire at the conclusion of the Annual General Meeting. Being eligible they have offered themselves for re-appointment. The Audit Committee has recommended their re-appointment.

The audit firm has confirmed that it has been awarded a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants' (IFAC) guidelines on code of ethics, as adopted by the ICAP.

Corporate Social Responsibility

Your Company believes in regulating its own behavior to ensure that it stays at all times within both the letter and spirit of the law and adheres to the highest ethical standards and norms within the insurance industry, at both a national and an international level. Moreover, your company strives to make an actual social contribution whenever possible by supporting and promoting social inclusion of the marginalized and disabled within the local community and by supporting education for the underprivileged as well as teacher education aimed at enhancing the pedagogical skills of local teachers.



Your Company is also active in promoting insurance awareness and understanding in the country by participating in such activities and projects undertaken by the Insurance Association of Pakistan.

Contribution to National Exchequer

Your Company contributed an amount of Rs. 293.2 million into the Government Treasury on account of taxes, levies and Federal Excise Duty.

Compliance with the Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

Board of Directors

The shareholders of the Company have elected seven Directors for the term of three year in its Annual General Meeting held on April 28, 2017.

The Board now consists of Mr. Iqbal Ali Lakhani, Mr. Amin Mohammed Lakhani, Ms. Anushka Zulfiqar Lakhani, Mr. Tasleemuddin A. Batlay, Mr. A. Aziz H. Ebrahim (up to February 02, 2018), Mr. Mohammed Hussain Hirji and Mr. Sadrudin Ismail Mohamed.

The Board, with a deep sense of loss, regrets to inform of the sad demise of Mr. A. Aziz H. Ebrahim, director on February 02, 2018. The Board highly appreciates the valuable services rendered by him during his tenure as Director of Century Insurance. May Almighty Allah bless his soul and give strength to his family to bear this irreparable loss.

The Board re-appointed Mr. Mohammad Hussain Hirji as Chief Executive of the Company for a term of three years.

Upon the recommendation of the Ethics, Human Resource and Remuneration Committee, the Board has authorized Mr. Mohammad Hussain Hirji to draw remuneration for the current term of three years ending on April 28, 2020 and avail perquisites and allowances as Chief Executive and full time working Director of the Company, as noted below:

Remuneration	The Gross aggregate annual remuneration not exceeding Rs. 15,000,000/-(rupees fifteen million). This will include house rent allowance.
Perquisites and allowances: conveyance, provident fund, bonuses, medical leaves, telephone and retirement benefits	As per Company's policy, rules and regulations in force from time to time.

Board of Directors' Meetings

During the year, four (04) board meetings were held. The number of meetings attended by each Director is given hereunder:-

Name of Directors	No. of Meetings Attended
Mr. Iqbal Ali Lakhani - Chairman	4
Mr. Amin Mohammed Lakhani	2
Ms. Anushka Zulfiqar Lakhani	-
Mr. Tasleemuddin Ahmed Batlay	4
Mr. A. Aziz H. Ebrahim (up to February 02, 2018)	3
Mr. Mohammad Hussain Hirji - Chief Executive	4
Mr. Sadrudin Ismail Mohamed	4

Chief Executive Officer (CEO) Performance Review

The Board of Directors has appointed the Chief Executive Officer for tenure of three years. The Ethics, Human Resource & Remuneration Committee of the Board sets operational, financial and strategic objectives to evaluate his performance and review and monitor it on an annual basis.

Board Committees

During the year, four (04) meetings each of the Board Audit Committee and Investment Committee and two (02) meetings of The Ethics, Human Resource & Remuneration Committee were held. The names of the members of the Board Committees and their terms of reference are given in the annexure to this report. The Chairman of the Board Audit and Ethics, Human Resource & Remuneration Committees is an independent director.

Management Committees

The Company has three management committees, which cover the core areas of business. The Committees' names, number of meetings, names of members and terms of references are given in the annexure to this report.

Code of Conduct

The Board has adopted a code of conduct for all employees, who have in turn, been informed of this code. All employees understand that they are required to observe these rules of conduct at all times.

Statement of Directors' Responsibilities

The Directors are pleased to state that the Company is compliant with the financial reporting framework of the Code of Corporate Governance as required by the Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Insurance Ordinance, 2000 and Companies Act, 2017. These Statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements.
- The system of internal control is sound in design. The system is being continuously monitored by an internal audit function and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring in improvements in the system.
- There are no doubts upon the Company's ability to continue as a going concern.

- There has been no departure from the best practices of corporate governance, as detailed in the listing regulations.
- The key operating and financial data for the last six years is annexed.
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- In accordance with the criteria specified in clause (xi) of CCG, some of the Directors of the Company are exempted from the requirement of director's training program and rest of the Directors of the Company have completed the same. The Board arranged orientation course for its Directors during the year to apprise them of their duties and responsibilities and briefed the directors regarding amendments in the Corporate Laws.
- The Company was granted authorization on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations by Securities and Exchange Commission of Pakistan (SECP) and under Takaful Rules, 2012 to carry on general takaful operations in Pakistan. The Company commenced its activities of Window Takaful Operations on August 18, 2017.
- The value of investments in respect of retirement benefit funds based on their respective accounts as on December 31, 2017 are as follows:

Provident Fund:	Rs. 47.9 million
Gratuity Fund:	Rs. 29.6 million

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2017 is annexed with the report.

The Board has determined the threshold under clause xvi (l) of CCG-2012 in respect of trading of Company's shares by executives and employees at an annual basic salary of Rs. 1 million or above.

There have been no transactions carried out by Directors, Chief Executive, CFO, Company Secretary and/or their spouses and minor children in the shares of the Company during the year.

Future Outlook

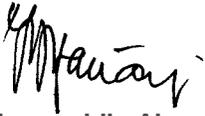
We are optimistic about the future of Century Insurance Company Limited. We aim to grow in terms of premium income and also in terms of market share. We will look to develop a full range of insurance products to cater to the commercial and retail segments and also develop micro-insurance products for the lower income segments of society. We have started Takaful Window Operations and will try and grow our takaful client base and takaful contribution portfolio.

We will continue to grow and train our field force, especially with respect to serving the corporate sector. However, we will focus on developing new channels of distribution using the internet, social media and cellular phones so as to effectively penetrate the retail and micro-insurance markets. We will also explore synergizing with banks and other entities to develop new and cost-effective distribution channels.

The company plans to be at the forefront of technological innovation and implementation. We plan to upgrade our IT systems so that our operations are fully digitized and so that our clients may buy our products and avail of our services by internet and using mobile cellular applications. We will also use the latest business intelligence software so that we can better understand and predict our customer needs and identify business opportunities in time to capitalize on them.

We will take care of our employees so that they will in turn be loyal to the company. We will ensure that they are trained and will encourage them to constantly upgrade their knowledge and skills.

We will also monitor the equity markets so as to take advantage of attractive market returns but will always stress on stability and balance so as not to overexpose the company.



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive

Karachi: February 27, 2018

Note: To read urdu translation of the above Directors' report please refer page 43 to 40.

اندازہ لگا سکیں اور کاروباری مواقع کی نشاندہی کرتے ہوئے ان سے استفادہ حاصل کر سکیں۔

ہم اپنے ملازمین کی دیکھ بھال کو بھی یقینی بنائیں گے تاکہ ان کی کمپنی کے ساتھ وفاداری کو یقینی بنایا جاسکے۔ ہم ان کی اعلیٰ ٹریننگ کو بھی یقینی بنائیں گے اور اپنی صلاحیتوں اور علم کو مسلسل اپ گریڈ کرنے کے معاملے میں ان کی حوصلہ افزائی بھی کریں گے۔

ہم ایکویٹی مارکیٹس کی بھی نگرانی کریں گے تاکہ پُرکشش مارکیٹ منافع جات سے استفادہ حاصل کر سکیں مگر ساتھ ہی استحکام اور توازن پر بھی زور دیں گے تاکہ کمپنی مارکیٹ میں اوور ایکسپوز نہ ہو۔

Muhammad Hussain Virji
محمد حسین ہیرجی
ڈائریکٹر اور چیف ایگزیکٹو

تاکہ ریٹیل اور مائیکرو انشورنس مارکیٹ تک موثر انداز میں رسائی حاصل کر سکیں، نئے اور کم لاگت والے ڈسٹری بیوشن چینلز کی تشکیل کے لیے ہم بینکوں اور دیگر اداروں سے بھی ہم آہنگی کو یقینی بنائیں گے۔

کمپنی تکنیکی جدت اور عمل درآمد کے اعتبار سے سب سے آگے بڑھنے کا ارادہ رکھتی ہے۔ ہم اپنے آئی ٹی سسٹم کو اپ گریڈ کرنے کا ارادہ بھی رکھتے ہیں تاکہ ہمارے تمام آپریشن پوری طرح ڈیجیٹائز ہو سکیں اور ہمارے کلائنٹس ہماری خدمات اور مصنوعات کو اپنے سیلولر فون ایپلیکیشنز اور انٹرنیٹ کے ذریعے خرید سکیں اور ان سے استفادہ حاصل کر سکیں۔ ہم جدید کاروباری انٹیلی جنس سافٹ ویئر کے استعمال کا بھی ارادہ رکھتے ہیں تاکہ ہم اپنے کلائنٹس کی ضروریات کا بہتر طریقے سے

Muhammad
جناب تسلیم الدین اے۔ باٹلے
ڈائریکٹر

کراچی: 27 فروری، 2018

پاکستان میں ونڈو ٹکافل آپریشنز سرانجام دینے کے لیے اجازت دی ہے۔ کمپنی نے رسمی طور پر 18 اگست 2017 کو اپنے ونڈو ٹکافل آپریشنز کا آغاز کر دیا تھا۔

☆ متعلقہ اکاؤنٹس کی بنیاد پر ان کے ریٹائرمنٹ بینیفٹ فنڈز کے حوالے سے انویسٹمنٹس کی مالیت بمطابق 31 دسمبر 2017، درج ذیل ہے:

پروویڈنٹ فنڈ: 47.9 ملین روپے
گریجویٹ فنڈ: 29.6 ملین روپے

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2017 کے مطابق کمپنی کے شیئر ہولڈنگ پیٹرن اور اضافی معلومات کی نشاندہی کرنے والی ایک اسٹیٹمنٹ رپورٹ کے ساتھ منسلک ہے۔

بورڈ نے CCG-2012 کی شق (I) xvi کے تحت کمپنی کے ایگزیکٹو اور ملازمین کے لیے، جو سالانہ ایک ملین روپے یا زائد بنیادی تنخواہ وصول کر رہے ہیں، کمپنی کے شیئرز کی خرید و فروخت کے حوالے سے حتمی حد کا تعین کر رکھا ہے۔

اس سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانس افسر، کمپنی سیکرٹری اور ان سب کی شریک حیات اور کم عمر بچوں کی طرف سے کمپنی کے شیئرز میں کوئی لین دین نہیں کیا گیا۔

مستقبل کا منظر نامہ

ہم سنجھی انشورنس کمپنی کے مستقبل سے متعلق پُر امید ہیں۔ ہمارا مقصد پریمیم آمدنی اور مارکیٹ شیئر کے اعتبار سے ترقی کرنا ہے۔ ہم کمرشل اور ریٹیل سیکمنٹس کے لیے انشورنس مصنوعات کی مکمل رینج تیار کریں گے اور معاشرے کے کم آمدنی والے سیکمنٹس کے لئے مائیکرو انشورنس کی مصنوعات بھی تیار کریں گے۔ ہم نے ٹکافل ونڈو آپریشن بھی شروع کیا ہے اور ہماری کوشش ہوگی کہ اپنے ٹکافل کلائنٹ اور ٹکافل پورٹ فولیو کو بڑھایا جائے۔

ہم اپنی فیلڈ فورس کی تربیت اور صلاحیتوں میں اضافہ کریں گے تاکہ کارپوریٹ سیکٹر کو اپنی خدمات پیش کر سکیں، ہم اپنی توجہ کو نئے ڈسٹری بیوشن چینلز کے تعین پر بھی مرکوز کریں گے جس کے لیے سوشل میڈیا اور سیلولر فونز کا استعمال کریں گے

معاملات کی کیفیت، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

☆ کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

☆ کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے اور شریاتی تخمینے موزوں اور محتاط اندازوں پر مبنی ہیں۔

☆ ان مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کے بین الاقوامی معیاروں کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔

☆ انٹرنل کنٹرول کا نظام مستحکم ہے۔ اس نظام میں ایک انٹرنل آڈٹ فنکشن اور نگرانی کے دیگر طریقوں کے ذریعے مسلسل نگرانی کی جاتی ہے۔ انٹرنل کنٹرولز کی نگرانی کا عمل ایک جاری طریقہ کار کی حیثیت سے جاری رہے گا جس کا مقصد کنٹرول کو مزید مستحکم بنانا اور نظام میں بہتری لانا ہے۔

☆ کمپنی کی کاروباروں دواں رکھنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

☆ لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

☆ گزشتہ چھ سال کا اہم کاروباری اور مالیاتی ڈیٹا منسلک ہے۔

☆ ٹیکسوں اور محصولات کے بارے میں معلومات نوٹس اور مالیاتی گوشواروں کا حصہ ہیں۔

☆ CCG کی شق (xi) میں طے کردہ معیار کے مطابق کمپنی کے کچھ ڈائریکٹرز کی ڈائریکٹرز ٹریننگ پروگرام کے تقاضوں سے مستثنیٰ ہے اور کمپنی کے باقی ڈائریکٹرز اسے مکمل کر چکے ہیں۔ بورڈ نے اپنے ڈائریکٹرز کو ان کے فرائض اور ذمہ داریوں سے آگاہ کرنے کے لیے اس سال کے دوران ایک اور اینٹیشن کورس کا انتظام کیا اور انہیں کاروباری قوانین میں ترامیم کے حوالے سے مطلع کیا گیا۔

☆ کمپنی کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے 07 اگست 2017 کو ٹکافل رولز 2012 کے رولز 6 کے تحت

چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ

بورڈ آف ڈائریکٹرز نے تین سالہ مدت کے لیے چیف ایگزیکٹو آفیسر کی تقرری کی ہے۔ بورڈ کی آٹھکس، ہیومن ریسورس اینڈ ریمو نیشن کمیٹی نے چیف ایگزیکٹو آفیسر کی کارکردگی کو جانچنے کے لیے عملی، مالیاتی اور حکمت عملی پر مبنی مقاصد کا تعین کیا ہے تاکہ سالانہ بنیاد پر اس کا جائزہ لیا جاسکے اور اسے مانیٹر کیا جاسکے۔

بورڈ کمیٹیز

اس سال کے دوران بورڈ آڈٹ کمیٹی اور انویسٹمنٹ کمیٹی کے کل 4-4 اور دی آٹھکس، ہیومن ریسورس اینڈ ریمو نیشن کمیٹی کے کل 2 اجلاس کا انعقاد کیا گیا۔ بورڈ کمیٹی کے ممبران کے نام اور ان کی ٹرمز آف ریفرنس اس رپورٹ کے ضمیمے میں دیے گئے ہیں۔ چیرمین بورڈ آڈٹ کمیٹی اور انویسٹمنٹ کمیٹی کے انڈیپنڈنٹ ڈائریکٹر ہیں۔

مینجمنٹ کمیٹیز

کمپنی میں تین مینجمنٹ کمیٹیاں ہیں جو کاروبار کے مرکزی عوامل کا احاطہ کرتی ہیں۔ کمیٹیاں، نام، اجلاس کی تعداد، ممبران کے نام اور ٹرم اور ریفرنس اس رپورٹ کے ضمیمے میں دیے گئے ہیں۔

ضابطہ اخلاق

بورڈ نے ایک ضابطہ عمل اختیار کیا اور تمام ملازمین کو اس ضابطے سے مطلع کر دیا گیا ہے۔ تمام ملازمین سمجھتے ہیں کہ ان سے کاروبار اور ضوابط کے حوالے سے ان قوانین پر عمل درآمد مطلوب ہے۔

ڈائریکٹرز کی ذمہ داریوں کا بیانیہ

ڈائریکٹرز بصدمسرت مطلع کرتے ہیں کہ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تقاضوں کے مطابق کوڈ آف کارپوریٹ گورننس کے ضوابط کی تعمیل کرتی ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پرائیویٹ لیمیٹڈ کے ذیل ہے:

☆ مالیاتی گوشوارے معہ ان پر لکھے گئے انتظامیہ کے نوٹس انشورنس آرڈیننس 2000 اور کپینز ایکٹ 2017 سے مطابق رکھتے ہیں۔ یہ گوشوارے کمپنی کے

بورڈ انتہائی افسوس اور غم کے ساتھ مورخہ 02 فروری 2018 کو جناب اے عزیز ایچ ابراہیم صاحب کے انتقال پر ملال کی اطلاع دیتا ہے۔ بورڈ مرحوم کی اپنی مدت کے دوران بطور ڈائریکٹر، سٹیجی انشورنس کے لیے پیش کی جانے والی خدمات کو سراہتا ہے۔ ہماری دعا ہے کہ خدا ان کی روح کو اپنے فضل سے نوازے اور ان کے خاندان والوں کو اس ناقابل تلافی نقصان کو صبر کے ساتھ برداشت کرنے کی توفیق عطا فرمائے۔

بورڈ نے جناب محمد حسین ہیر جی کی بطور کمپنی چیف ایگزیکٹو تین سالہ مدت کے لیے دوبارہ تقرری کی ہے۔

بورڈ نے آٹھکس، ہیومن ریسورس اینڈ ریمو نیشن کمیٹی کی سفارش کے بعد جناب محمد حسین ہیر جی کو تین سالہ مدت کے لیے، جس کا اختتام 28 اپریل 2020 کو ہوگا، کمپنی کے چیف ایگزیکٹو کی حیثیت سے ضروریات، الاؤنس اور معاوضہ درج ذیل کے مطابق لینے کا اہل قرار دیا ہے:

معاوضہ	کل مجموعی معاوضہ جو
ضروریات اور الاؤنس:	15,000,000 (پندرہ ملین روپے) سے زیادہ نہ ہو۔ اس میں گھر کا کرایہ بھی شامل ہے۔
نقل و حمل، پروویڈنٹ فنڈ، بونس، میڈیکل چھٹیاں، ٹیلی فون اور ریٹائرمنٹ کے فوائد	کمپنی کے قواعد، ضوابط اور شرائط کے مطابق جن کا اطلاق وقتاً فوقتاً ہوگا

بورڈ آف ڈائریکٹرز کے اجلاس

اس سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے اجلاسوں میں شرکت کی تعداد درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب اقبال علی لاکھانی (چیرمین)	4
جناب امین محمد لاکھانی	2
محترمہ مانوشکا لاکھانی	-
جناب تسلیم الدین احمد باٹلے	4
جناب اے عزیز ایچ ابراہیم (2 فروری 2018 تک)	3
محمد حسین ہیر جی (چیف ایگزیکٹو)	4
جناب صدر الدین اسماعیل محمد	4

ڈائریکٹرز کی رپورٹ

ریٹنگ سے نوازاجا چکا ہے اور فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی طرف سے ضابطہ اخلاق پر، جنہیں ICAP کی طرف سے اختیار کیا گیا ہے، پوری طرح تعمیل کرتی ہے۔

سنچری انشورنس کمپنی لمیٹڈ (کمپنی) کے ڈائریکٹرز کے لیے 31 دسمبر 2017 کو ختم ہونے والے سال کے لیے سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرنا باعث مسرت ہے۔

منافع کی تخصیص

31 دسمبر 2017 کو ختم ہونے والے سال کے لیے منافع کی تخصیص درج ذیل ہے:

(روپے)	
753,306,158	گزشتہ سالوں سے آگے منتقل شدہ رقم
138,416,591	31 دسمبر 2017 کو ختم ہونے والے سال کے لیے بعد از ٹیکس منافع تخصیص کے لیے دستیاب رقم
891,722,749	تجویز شدہ کیش ڈیویڈنڈ بحساب 17.5% فی صد آگے منتقل شدہ غیر تخصیص شدہ رقم
(88,019,405)	
803,703,344	

فی شیئر آمدنی

آپ کی کمپنی نے 140 ملین روپے بعد از ٹیکس منافع کمایا ہے جو گزشتہ سال کی 3.70 روپے (تصحیح شدہ) کے مقابلے میں 2.78 روپے فی شیئر آمدنی بنتا ہے۔

اداشدہ سرمایہ

آپ کی کمپنی 503 ملین روپے کے اداشدہ سرمائے (Paid-up Capital) کے ساتھ ایک مضبوط بنیاد رکھتی ہے۔ بشمول برقرار رکھے گئے منافع جات اور محفوظ ذخائر، 31 دسمبر 2017 کو کمپنی کی مجموعی ایکویٹی 1,767.7 ملین روپے تھی۔ ایکویٹی کی وسیع تر بنیاد کمپنی کے مالیاتی استحکام اور انڈر رائٹنگ کی اہلیت میں اضافہ کرے گی۔

آڈیٹرز

M/s. KMPG Taseer Hadi & Co. چارٹرڈ اکاؤنٹنٹس، سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں۔ اہلیت کی بنیاد پر انہوں نے دوبارہ تقرر کے لیے خود کو پیش کیا ہے۔ آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کی ہے۔

کاروباری سماجی ذمہ داری

آپ کی کمپنی اپنے طرز عمل کو خود راہ راست پر رکھنے پر یقین رکھتی ہے تاکہ یہ ہمیشہ قانون کی لفظی اور معنوی حدود کے اندر رہے اور انشورنس انڈسٹری، قومی اور بین الاقوامی دونوں سطحوں پر اعلیٰ ترین اخلاقی معیار اور روایات کی پابندی کرے۔ مزید برآں آپ کی کمپنی جب بھی ممکن ہو غریب اور معذور افراد کی مقامی کمیونٹی میں شمولیت میں معاونت اور حمایت اور تنگ دست بچوں کو تعلیم کی فراہمی اور مقامی اساتذہ کی تدریسی مہارتوں میں اضافے کے لیے اساتذہ کی تعلیم میں مدد کے ذریعے حقیقی سماجی کردار ادا کرنے کی کوشش کرتی ہے۔

آپ کی کمپنی انشورنس ایسوسی ایشن آف پاکستان کی طرف سے کی جانے والی سرگرمیوں اور منصوبوں میں شرکت کے ذریعے ملک میں انشورنس کے حوالے سے بیداری اور افہام و تفہیم بڑھانے کے لیے بھی فعال کردار ادا کر رہی ہے۔

قومی خزانے میں حصہ

آپ کی کمپنی نے ٹیکسز، محصولات اور فیڈرل ایکسائز ڈیوٹی کی مد میں 293.2 ملین روپے کی رقم حکومتی خزانے میں جمع کرائی۔

کاروباری نظم و ضبط کے ضابطے کی تعمیل

کاروباری نظم و ضبط کے ضابطے کی تعمیل کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز

کمپنی کے شیئر ہولڈرز نے 28 اپریل 2017 کو منعقد ہونے والی سالانہ جنرل میٹنگ میں تین سالہ مدت کے لیے سات ڈائریکٹرز کا انتخاب کیا ہے۔

بورڈ میں جناب اقبال لاکھانی، جناب امین محمد لاکھانی، محترمہ انوشکا ذولفقار لاکھانی، جناب تسلیم الدین اے باٹلے، جناب اے عزیز ایچ ابراہیم (2 فروری 2018 تک)، جناب محمد حسین ہیرجی اور جناب صدر الدین اسماعیل محمد شامل ہیں۔

آڈٹ فرم نے تصدیق کی ہے کہ اسے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش

Board Committees

AUDIT COMMITTEE

Terms of Reference:

1. Determination of appropriate measure to safeguard the company's assets;
2. Review of preliminary announcements of results prior to external communication and publication;
3. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - a. Major judgmental areas;
 - b. Significant adjustments resulting from the audit;
 - c. The going-concern assumption;
 - d. Any changes in accounting policies and practices;
 - e. Compliance with applicable accounting standards;
 - f. Compliance with listing regulations, other statutory and regulatory requirements; and
 - g. All related party transactions.
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audit and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
5. Review of management letter issued by external auditor and management's response thereto;
6. Ensuring coordination between the internal and external auditors of the Company;
7. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
9. Ascertaining that the internal control systems including financial and operational controls, accounting systems

for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

10. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
11. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
12. Determination of compliance with relevant statutory requirements;
13. Monitoring compliance with the best practices of corporate governance, listing regulations and identification of significant violations thereof;
14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
15. Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
16. Consideration of any other issue or matter as may be assigned by the Board.

The Committee comprises of three members, including chairman of committee, two of them are non-executive directors and one is an independent director. Chairman of the committee is an independent director. During the year four meeting of this committee were held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Sadrudin Ismail Mohamed - Chairman	4
Mr. Amin Mohammed Lakhani	-
Mr. Tasleemuddin Ahmed Batlay	4

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Terms of Reference:

1. Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the Chief Executive Officer level;
2. Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging an external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing the consultant's name, qualifications and major terms of appointment;
3. Recommending Human Resource Management policies to the board;
4. Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer;
5. Recommending to the Board the selection, evaluation and development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit;
6. Consideration and approval on recommendations of the Chief Executive Officer related to key management positions who report directly to Chief Executive Officer or Chief Operating Officer;
7. Proposing a remuneration framework that takes into account performance evaluations, market considerations and compensation structure;
8. This framework will be reviewed and approved on an annual basis prior to the convening of the annual general meeting for the immediate preceding year;
9. Reviewing and making recommendations to the Board of Directors regarding the specific remuneration of the Board members, the Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit;
10. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company; and

11. Any additional responsibility may be assigned to the Committee by the Board.

The Committee comprises of four members, including chairman of committee. Two members are non-executive directors and one is an independent director. Chairman of Committee is an independent director. During the year two meeting of this committee was held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Sadrudin Ismail Mohamed Chairman (from February 27,2018)	-
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	2
Mr. Mohammad Hussain Hirji	2

INVESTMENT COMMITTEE

Term of Reference:

1. Review the investment policies and strategies of the Company to ensure they are consistent with the goals and objectives of the Company;
2. Determine that investment constraints are consistently followed and that procedures are in place to ensure that the investment portfolio is managed in compliance with the investment policy;
3. Review the performance of the investment portfolios of the Company and make periodic reports to the Board;
4. Review and approve the annual investment plan and budget; and
5. Annually review and reassess the overall investment policy and recommend any proposed changes to the Board for approval.

The Committee comprises of four members, including chairman of committee. Two members including chairman are non-executive directors. During the year four meeting of this committee was held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Iqbal Ali Lakhani - Chairman	4
Mr. Tasleemuddin Ahmed Batlay (from February 27, 2018)	-
Mr. A. Aziz H. Ebrahim (up to February 2, 2018)	3
Mr. Mohammad Hussain Hirji	4
Mr. Sabza Ali Pirani	4

Management Committees

UNDERWRITING, REINSURANCE & COINSURANCE COMMITTEE

Terms of Reference:

1. To review the rates and profitability of the various business sectors for each class of underwriting;
2. To review the reinsurance structure and arrangements for each class of business to ensure that the company's net exposure is within agreed limits for individual risks and also on a cumulative basis in the event of a catastrophic occurrence;
3. To review and approve underwriting proposals for high risk and complex covers; and
4. To review policy terms and rating for new insurance products.

The Committee comprises of four members, including the Chairman of this committee who is an executive director.

Name of Member

Mr. Mohammad Hussain Hirji - Chairman
Mr. Aseem Ahmed
Ms. Madiha Khalid
Mr. Ali Asghar

CLAIM SETTLEMENT COMMITTEE

Terms of Reference:

1. To review and approve claim settling policy of the company;
2. To review and approve the adequacy of claim reserves;
3. To assist in resolution of disputed claims of material amount and recommend settlement strategy; and
4. To oversee the implementation of the measures for combating fraudulent claims.

The Committee comprises of three members, including the Chairman of this committee who is an executive director.

Name of Member

Mr. Mohammad Hussain Hirji - Chairman
Mr. Mir Mehmood Ali
Mr. Sabza Ali Pirani

RISK MANAGEMENT & COMPLIANCE COMMITTEE

Terms of Reference:

1. The Committee shall review and identify all possible risks faced by the Company under various categories such as; operational, financial, IT systems, physical or catastrophic, etc. and make appropriate recommendations for the mitigation of these risks to the Board;
2. To identify the risks faced by the company in respect of compliance with the laws applicable to it and to setup adequate controls to mitigate the identified risks;
3. To supervise and monitor matters reported using Company's whistle-blowing or other confidential mechanisms for employees and other to report compliance concerns, potential breaches, violations or fraud; and
4. Appropriate extent of disclosure of company's risk framework and internal control system in Directors report.

The Committee comprises of five members, including the Chairman of this committee who is an executive director.

Name of Member

Mr. Mohammad Hussain Hirji - Chairman
Mr. Ali Asghar
Mr. Sabza Ali Pirani
Mr. Asif Mehmood
Mr. Abdul Rasheed

Pattern of Shareholding

As at December 31, 2017

Incorporation No. K-192/8927 1985
CUIN Registration No. 0013587

No. of Shareholders	From	Shareholding To	Total Shares Held
518	1	100	6,592
195	101	500	52,595
162	501	1,000	107,005
315	1,001	5,000	727,150
109	5,001	10,000	748,917
43	10,001	15,000	508,137
20	15,001	20,000	336,526
15	20,001	25,000	333,375
14	25,001	30,000	380,315
10	30,001	35,000	319,819
3	35,001	40,000	115,073
4	40,001	45,000	170,410
5	45,001	50,000	241,434
3	50,001	55,000	161,898
1	55,001	60,000	55,117
1	60,001	65,000	60,500
2	65,001	70,000	134,127
3	70,001	75,000	213,692
1	80,001	85,000	80,512
3	85,001	90,000	264,429
2	95,001	100,000	190,962
1	110,001	115,000	114,400
1	130,001	135,000	134,137
1	160,001	165,000	164,250
1	165,001	170,000	169,211
1	170,001	175,000	174,433
1	190,001	195,000	190,191
1	230,001	235,000	232,650
1	390,001	395,000	390,500
1	420,001	425,000	423,559
1	440,001	445,000	440,540
1	765,001	770,000	769,119
1	1,260,001	1,265,000	1,262,250
1	2,055,001	2,060,000	2,055,500
1	4,990,001	4,995,000	4,993,103
1	7,155,001	7,160,000	7,157,361
1	11,850,001	11,855,000	11,852,141
1	14,560,001	14,565,000	14,564,873
1,446		Total	50,296,803

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive, their spouse and minor children	42,921	0.08
Associated Companies, undertakings and related parties	38,572,858	76.69
NIT and ICP	Nil	-
Banks, Development Financial Institutions, Non Banking Financial Institutions	1,311,750	2.61
Insurance Companies	Nil	-
Modaraba & Mutual Funds	423,559	0.84
Shareholders holding 10% or more	33,574,375	66.75
General Public	6,936,722	13.79
Others	3,008,993	5.99

NOTE: Some of the shareholders are reflected in more than one category.

Details of Pattern of Shareholding

As per requirement of code of corporate governance
As at December 31, 2017

Categories of Shareholders	No. of Shares Held	
i) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
1. M/s. SIZA (Pvt.) Limited	7,157,361	
2. M/s. SIZA Services (Pvt.) Limited	11,852,141	
3. M/s. SIZA Commodities (Pvt.) Limited	4,993,103	
4. M/s. Premier Fashions (Pvt.) Limited	14,564,873	
5. Mr. Sultan Ali Lakhani	594	
6. Mrs. Shaista Sultan Ali Lakhani	396	
7. Mrs. Fatima Lakhani	198	
8. Mr. Babar Ali Lakhani	1,716	
9. Mr. Bilal Ali Lakhani	361	
10. Mr. Danish Ali Lakhani	1,453	
11. Ms. Anika Amin Lakhani	662	
ii) MUTUAL FUND		
1. Golden Arrow Selected Stocks Fund Limited	423,559	
iii) DIRECTORS, CHIEF EXECUTIVE, THEIR SPOUSE AND MINOR CHILDREN		
1. Mr. Iqbal Ali Lakhani	Chairman/Director	1,837
2. Mr. Amin Mohammed Lakhani	Director	1,765
3. Ms. Anushka Zulfiqar Lakhani	Director	1,612
4. Mr. Tasleemuddin Ahmed Batlay	Director	32,595
5. Mr. A. Aziz H. Ebrahim (upto February 02, 2018)	Director	3,315
6. Mr. Mohammad Hussain Hirji	Director/Chief Executive	550
7. Mr. Sadrudin Ismail Mohamed	Director	550
8. Mrs. Ronak Iqbal Lakhani		
W/o. Mr. Iqbal Ali Lakhani		396
9. Mrs. Saira Amin Lakhani		
W/o. Mr. Amin Mohammed Lakhani		301
iv) EXECUTIVES		22,550
v) PUBLIC SECTOR COMPANIES AND CORPORATIONS		Nil
vi) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS		1,311,750
vii) SHAREHOLDERS HOLDING 5% OR MORE (Other than those reported at (i) (1, 2, 3 & 4)		Nil
viii) INDIVIDUAL AND OTHER THAN THOSE MENTIONED ABOVE		9,923,165
		50,296,803

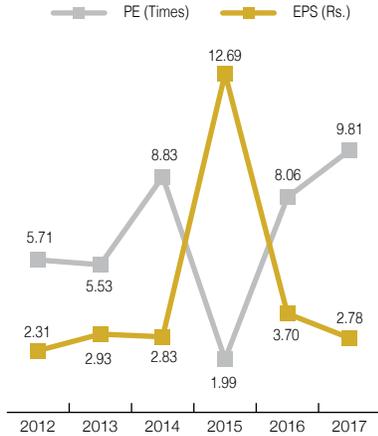
Key Operating and Financial Data

(Rupees in million)

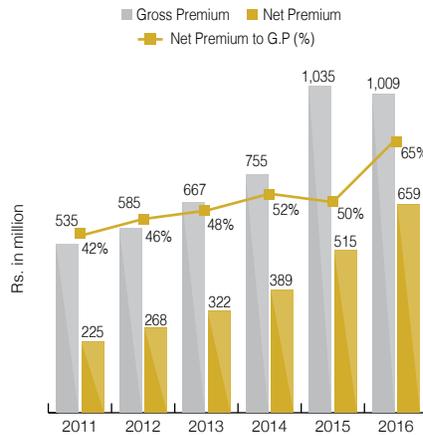
	2017	2016	2015	2014	2013	2012
FINANCIAL DATA						
Paid-up Capital	503.0	457.2	457.2	457.2	457.2	457.2
Reserves & Retained Earnings	1264.7	1,252.1	1,296.6	728.1	654.4	565.7
Equity	1767.7	1,709.3	1,753.8	1,185.3	1,111.6	1,022.9
Underwriting Provisions	587.1	545.0	585.9	405.2	389.9	355.7
Investments	1327.4	1,496.0	1,732.9	1,098.2	1,112.7	998.1
Fixed Assets (Tangible & Intangible)	66.1	72.1	56.2	48.4	47.1	44.0
Cash & Bank Deposits	361.8	408.6	173.5	245.2	105.3	90.5
Total Assets	2772.8	2,660.7	2,660.4	1,876.7	1,738.9	1,612.1
OPERATING DATA						
Gross Premium	1049.7	1,008.6	1,034.8	755.3	667.1	585.1
Net Premium	593.1	659.3	515.0	388.5	321.7	268.2
Net Claims	247.0	390.5	299.8	201.9	159.3	112.0
Underwriting Profit	212.0	148.6	128.3	107.8	83.0	83.6
Investment & Other Income	157.9	234.1	636.9	146.9	154.7	124.3
Loss from Window Takaful Operation	(1.2)	-	-	-	-	-
Profit Before Tax (PBT)	233.6	264.7	649.3	158.5	150.8	129.4
Taxation - Net	93.6	78.8	10.9	16.1	3.4	13.2
Profit After Tax (PAT)	140.0	185.9	638.3	142.4	147.3	116.2
CASH FLOW SUMMARY						
Operating Activities	(69.3)	19.6	10.1	46.4	45.1	50.8
Investing Activities	102.1	442.8	(13.8)	161.7	26.4	(12.3)
Financing Activities	(79.6)	(227.3)	(68.1)	(68.2)	(56.8)	(45.5)
Cash & Cash Equivalents at the year end	361.0	407.8	172.8	244.5	104.6	89.8
FINANCIAL RATIOS						
Profitability						
Profit Before Tax / Net Premium (%)	39.4	40.1	126.1	40.8	46.9	48.2
Profit After Tax / Net Premium (%)	23.6	28.2	123.9	36.7	45.8	43.3
Underwriting Results / Net Premium (%)	35.7	22.5	24.9	27.7	25.8	31.2
Total Expenses / Gross Premium (%)	27.9	25.8	22.0	25.6	26.2	27.3
Total Expenses / Net Premium (%)	49.3	39.5	44.2	49.8	54.4	59.5
Net Claims / Net Premium (%)	41.6	59.2	58.2	52.0	49.5	41.8
Combined Ratio (%)	87.2	95.4	97.6	97.0	101.2	98.1
Return to Shareholders						
Return on Equity (%)	7.9	10.9	36.4	12.0	13.3	11.4
Return on Assets (%)	5.0	7.0	24.0	7.6	8.5	7.2
Return on Investment (%)	11.2	14.5	45.0	13.3	14.7	13.4
Earnings per Share - Restated (Rs.)	2.78	3.70	12.69	2.83	2.93	2.31
Dividend (%)	17.5	17.5	50.0	15.0	15.0	12.5
Dividend Yield (%)	6.4	5.9	19.8	6.0	9.3	9.5
Dividend Payout (%)	62.9	47.3	39.4	53.0	51.2	54.1
Bonus Share (%)	-	10.0	-	-	-	-
Price Earning Ratio (Times)	9.8	8.1	2.0	8.8	5.5	5.7
Market Price per Share (Rs.)	27.30	29.78	25.2	25.0	16.2	13.2
Liquidity / Leverage						
Break-up Value per Share (Rs.)	35.1	37.4	38.4	25.9	24.3	22.4
Current Ratio (Times)	4.2	4.2	5.1	4.0	4.2	3.7
Total Assets Turnover Ratio (Times)	0.4	0.4	0.4	0.4	0.4	0.4
Total Liabilities / Equity (Times)	0.6	0.6	0.5	0.6	0.6	0.6
Paid-up Capital / Total Assets (%)	18.1	17.2	17.2	24.4	26.3	28.4
Equity / Total Assets (%)	63.8	64.2	65.9	63.2	63.9	63.5

Graphical Presentation

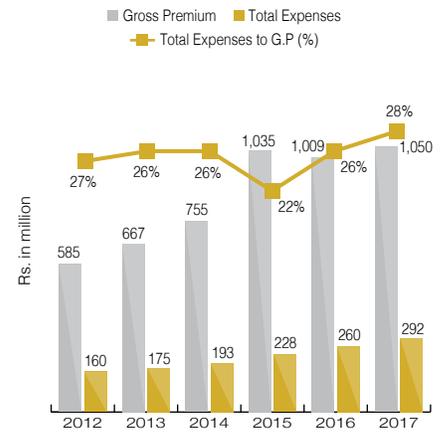
Earnings per Share (EPS) and Price Earning (PE) Ratio



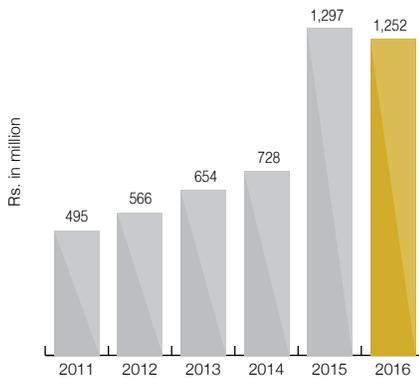
Gross Premium and Net Premium



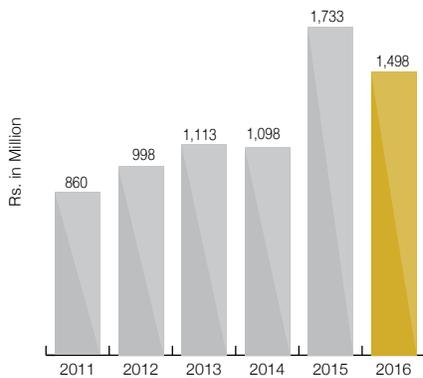
Total Expenses to Gross Premium



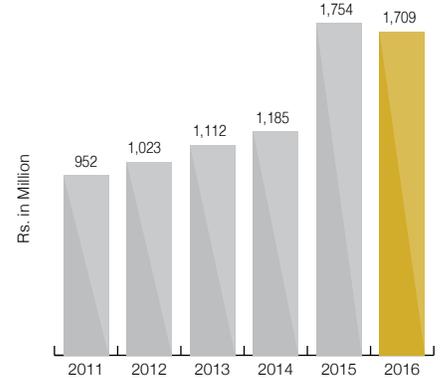
Reserves



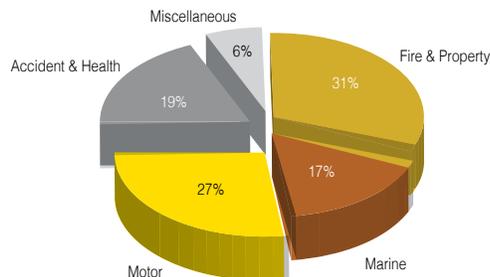
Investments



Equity



Gross Premium (Class wise)



Statement of Compliance

with the Code of Corporate Governance

Name of Insurer: Century Insurance Company Limited
("the Company")

Year Ended: December 31, 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby the Insurer is managed in compliance with the best practices of corporate governance and the Code of Corporate Governance, 2012 (CCG 2012) as contained in Regulation No. 5.19.24 of the Listing Regulations of the Pakistan Stock Exchange.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Names
Independent Director	Mr. Sadrudin Ismail Mohamed
Executive Director	Mr. Mohammad Hussain Hirji
Non-Executive Directors	Mr. Iqbal Ali Lakhani
	Mr. Amin Mohammed Lakhani
	Ms. Anushka Zulfiqar Lakhani
	Mr. Tasleemuddin Ahmed Batlay
	Late A. Aziz H. Ebrahim (up to February 2, 2018)

The independent director meets the criteria of independence as laid down under the Code.

2. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
4. No casual vacancy occurred in the Board during the year 2017.
5. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedure.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspect of internal controls given in the Code.
10. While almost all the directors are professionals and senior executives who possess wide experience of duties of directors, the Company apprises its directors of new laws and regulations and amendments in the existing ones. Ms. Anushka Zulfiqar Lakhani (Director) completed her Director's Training Program during the year. Our four directors are "Certified Directors" under director training program from SECP approved institute while three directors (including Late A. Aziz H. Ebrahim) meets the criteria of eligibility as director of 15 years of experience on the Board of Listed Company and 14 years of Education as required under the Code.
11. There was no new appointment of Chief Financial Officer (CFO) or Company Secretary or Head

of Internal Audit during the year. The Board has however, approved the remuneration of CFO, Company Secretary and the Head of Internal Audit on the recommendation of Ethics, Human Resource & Remuneration Committee as determined by CEO. Mr. Mansoor Ahmed was assigned the responsibilities of the Company Secretary of Century Insurance Company Limited in addition to his responsibilities in other Group Companies.

12. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code. The Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval. The definition of related party used is in accordance with repealed Companies Ordinance, 1984 and applicable financial reporting framework as the regulations under Section 208 of the Companies Act, 2017 have not yet been announced.
16. The Board has formed the following Management Committees:

- a) Underwriting, Reinsurance and Co-insurance Committee

Name of Member	Category
Mr. Mohammad Hussain Hirji	Chairman - Executive Director
Mr. Aseem Ahmed (from February 27, 2018)	Member
Ms. Madiha Khalid	Member
Mr. Ali Asghar (from May 25, 2017)	Member
Mr. Afzal-ur-Rehman (up to December 13, 2017)	Member
Mr. Rehman Saeed (up to April 13, 2017)	Member

- b) Claim Settlement Committee

Name of Member	Category
Mr. Mohammad Hussain Hirji	Chairman - Executive Director
Mr. Mir Mehmood Ali	Member
Mr. Sabza Ali Pirani	Member

- c) Risk Management & Compliance Committee

Name of Member	Category
Mr. Mohammad Hussain Hirji	Chairman - Executive Director
Mr. Ali Asghar (from February 27, 2018)	Member
Mr. Sabza Ali Pirani	Member
Mr. Asif Mehmood	Member
Mr. Abdul Rasheed	Member
Mr. Afzal-ur-Rehman (up to December 13, 2017)	Member

17. The Board has formed the following Board Committees:

- a) Ethics, Human Resource & Remuneration Committee

Name of Member	Category
Mr. Sadrudin Ismail Mohamed (from February 27, 2018)	Chairman - Independent Director
Mr. Amin Mohammed Lakhani	Member - Non Executive Director
Mr. Tasleemuddin Ahmed Batlay	Member - Non Executive Director
Mr. Mohammad Hussain Hirji	Member - Executive Director

- b) Investment Committee

Name of Member	Category
Mr. Iqbal Ali Lakhani *	Chairman - Non Executive Director
Late A. Aziz H. Ebrahim (up to February 2, 2018)	Chairman - Non Executive Director
Mr. Tasleemuddin Ahmed Batlay (from February 27, 2018)	Member - Non Executive Director
Mr. Mohammad Hussain Hirji	Member - Executive Director
Mr. Sabza Ali Pirani	Member

*From February 27, 2018, Mr. Iqbal Ali Lakhani was appointed as the Chairman of Investment committee.

18. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.
19. The Board has formed an Audit Committee. It comprises of three members, of whom one is independent Director and two are non-executive Directors. The Chairman of the Committee is an independent Director. The composition of the Audit Committee is as follows:

Name of Member	Category
Mr. Sadrudin Ismail Mohamed	Chairman - Independent Director
Mr. Amin Mohammed Lakhani	Member - Non Executive Director
Mr. Tasleemuddin Ahmed Batlay	Member - Non Executive Director

20. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The term of references of the Committees have been formed and advised to the Committees for compliance.
21. The Board has set up an effective internal audit function and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis.
22. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under this Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of Person	Designation
Mr. Mohammad Hussain Hirji	Chief Executive Office
Mr. Afzal-ur-Rehman (up to December 13, 2017)	Head of Operations
Mr. Sabza Ali Pirani	Chief Financial Officer
Mr. Asif Mehmood	Compliance Officer *
Mr. Mansoor Ahmed	Company Secretary
Mr. Muhammad Rao Shahid Mobeen	Head of Internal Audit
Mr. Ghulam Mustafa Khan	Head of Marine Underwriting
Mr. Ali Asghar ** (From May 25, 2017)	Head of Fire Underwriting (Incl. Risk Management)
Mr. Abid Raza Isphani	Head of Accident and Health Underwriting
Mr. M. Ghayyur Baig Chughtai	Head of Motor Underwriting
Mr. Mir Mehmood Ali	Head of Claims (Incl. Grievance)
Ms. Madiha Khalid	Head of Reinsurance

*The Board designated Mr. Asif Mehmood as compliance Officer on April 26, 2017.

**Up to April 13, 2017, Mr. Rehman Saeed held the position of Head of Fire Underwriting.

23. The statutory auditors of the insurer have been appointed from the panel of auditor approved by the

Commission in term of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

24. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
25. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provision of the Code.
26. The Board ensure that the risk management system of the Company is in place as per Code.
27. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
28. The Board ensures that as part of the risk management, the Company gets itself rated from JCR-VIS Credit Rating Company Limited which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on November 15, 2017 is A+ with stable outlook.
29. The Board has set up a grievance department / function, which fully complies with the requirement of the Code.
30. The 'closed period' prior to the announcement of interim / final results and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and the Pakistan Stock Exchange.
31. Material and price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange.

32. The Board has developed and approved the criteria for annual evaluation of its own performance as per the requirement of the Code. The evaluation has been done by the Board in the meeting held on October 26, 2017.
33. The Company has complied with the requirement relating to maintenance of register of persons having access to inside information by designated senior management official in a timely manner and maintained proper record including basis of inclusion or exclusion of names of persons from the said register.
34. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan (SECP) in respect of the requirements of the Code.
35. We confirm that all other material principles enshrined in the Code have been complied.



Iqbal Ali Lakhani
Chairman

Karachi: February 27, 2018



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Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 and Code of Corporate Governance, 2012 as mentioned in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange ("PSX") (combined called 'the Code') as prepared by the Board of Directors ("the Board") of Century Insurance Company Limited ("the Company") for the year ended December 31, 2017 to comply with the requirements of Listing Regulations of PSX where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2017.

Date : February 27, 2018

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

Shariah Advisor's Report to the Board of Directors for the period ended December 31, 2017

الحمد لله رب العلمين والصلاة والسلام على سيد الانبياء والمرسلين محمد النبي الامى
وعلى آله وصحبه اجمعين، وبعد

I have examined the accompanying financial statements of Century Insurance Company Limited - Window Takaful Operations (hereafter referred to as "Takaful Operator") for the period ended December 31, 2017.

I acknowledge that as a Shariah Advisor of the Company, it is my responsibility to ensure that the financial arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor are complied with, and that all policies and services being offered are duly approved by the Shariah Advisor.

I have reviewed the business concerns of the Company in accordance with the principles of Shariah. In my opinion, and to the best of my understanding based on the provided information and explanations, below are my findings:

- (i) Financial transactions undertaken by the Company for the period ended December 31, 2017 were in accordance with guidelines issued by the Shariah Advisor as well as the requirements of Takaful Rules 2012.
- (ii) In the year 2017, multiple Shariah Training Sessions were held successfully regarding the awareness of Takaful. These sessions proved beneficial and helped a lot in spreading the concept of Takaful to the operations and development staff.
- (iii) The Takaful Operator performed its duties to its level best by following Shariah guidelines. Consequently, we have found that the Window Takaful Operations are in accordance with the Shariah principles in all transactional aspects.

“And Allah Knows Best“



Mufti Muhammad Shakir Siddiqui
Shariah Advisor

Date: February 21, 2018

Statement of Compliance with the Shariah Principles

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of the Century Insurance Company Limited ('the Company') for the period from August 17, 2017 to December 31, 2017 are in compliance with the Takaful Rules, 2012.

Further we confirmed that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented.
- The Company has imparted multiple trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor.
- The assets and liabilities of Window Takaful Operation (Participant Takaful Fund and Operator's Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Company.


Mohammad Hussain Hirji
Director & Chief Executive

Dated: February 27, 2018



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Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shariah Principles

We were engaged by the Board of Directors of Century Insurance Company Limited (“the Company”) to report on the management’s assessment of compliance of the Window Takaful Operations (“Takaful Operations”) of the Company, as set out in the annexed statement prepared by the management for period from August 17, 2017 to December 31, 2017, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules, 2012.

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements Other Than Audits or Reviews of Historical

Financial Information” issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company’s internal control over the Takaful Operations’ compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful Operations against the Takaful Rules, 2012 and Shariah advisor’s guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the board of directors;
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management’s assessment of compliance of the Takaful transactions during the period from August 17, 2017 to December 31, 2017 with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the period from August 17, 2017 to December 31, 2017 presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Date: February 27, 2018

Karachi


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Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in equity;
- (v) statement of cash flows;
- (vi) statement of premiums;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

of **Century Insurance Company Limited** ("the Company") as at December 31, 2017 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the repealed Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;

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- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2017 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The financial statements of the Company for the year ended December 31, 2016 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon dated February 27, 2017.

Date: February 27, 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

Balance Sheet

As at December 31, 2017

	2017	2016
Note	----- (Rupees) -----	-----
Share capital and reserves		
Authorised share capital (70,000,000 Ordinary shares of Rs. 10 each]	700,000,000	700,000,000
Paid-up share capital	502,968,030	457,243,660
Retained earnings	891,722,749	879,048,427
Reserves	373,024,260	373,024,260
	1,767,715,039	1,709,316,347
Underwriting provisions		
Provision for outstanding claims (including IBNR)	165,560,979	164,787,530
Provision for unearned premium	383,008,819	337,036,982
Commission income unearned	38,529,301	43,125,928
Total underwriting provisions	587,099,099	544,950,440
Creditors and accruals		
Premiums received in advance	804,781	202,327
Amounts due to other insurers / reinsurers	225,151,644	260,739,918
Accrued expenses	9,055,657	9,350,972
Taxation - net	47,993,747	29,724,205
Other creditors and accruals	115,113,134	94,901,421
	398,118,963	394,918,843
Other liabilities		
Deposits and other payables	12,409,555	7,938,376
Unclaimed dividend	3,938,133	3,559,189
	16,347,688	11,497,565
Total liability of Window Takaful Operations - Operator's fund	3,495,893	-
TOTAL LIABILITIES	1,005,061,643	951,366,848
TOTAL EQUITY AND LIABILITIES	2,772,776,682	2,660,683,195
CONTINGENCIES AND COMMITMENTS	11	

The annexed notes from 1 to 41 form an integral part of these financial statements.

		2017	2016
	Note	----- (Rupees) -----	
Cash and bank deposits	12		
Cash and other equivalents		1,458,708	999,878
Current and other accounts		115,322,534	107,620,939
Deposits maturing within 12 months		245,000,000	300,000,000
		361,781,242	408,620,817
Investments	13	1,327,373,807	1,496,034,798
Deferred taxation	14	19,293,409	1,928,077
Current assets - others			
Premiums due but unpaid	15	314,279,731	245,046,777
Amounts due from other insurers / reinsurers	16	65,764,134	95,986,394
Reinsurance recoveries due but unpaid		46,684,875	52,297,380
Salvage recoveries accrued		2,426,000	4,378,000
Accrued investment income	17	6,063,108	3,009,112
Reinsurance recoveries against outstanding claims	18	74,912,821	61,181,748
Deferred commission expense		32,232,773	30,829,820
Prepayments	19	170,714,966	173,959,315
Sundry receivables	20	232,474,090	15,355,504
		945,552,498	682,044,050
Fixed assets	21		
Tangible and intangible			
Office improvement		5,000,066	5,297,616
Furniture and fixtures		5,951,925	6,661,830
Office equipment		5,106,280	4,697,433
Computer and related accessories		700,580	896,573
Motor vehicles		45,444,168	47,538,032
Computer software		472,587	1,043,697
Capital work-in-progress		3,466,500	5,920,272
		66,142,106	72,055,453
Total assets of Window Takaful Operations - Operator's fund	22	52,633,620	-
TOTAL ASSETS		<u>2,772,776,682</u>	<u>2,660,683,195</u>


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Profit and Loss Account

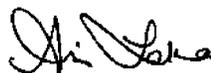
For the year ended December 31, 2017

	Note	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	2017 Aggregate	2016 Aggregate
----- (Rupees) -----								
Revenue account								
Net premium revenue	23	34,547,223	110,380,897	273,837,188	161,563,271	12,722,456	593,051,035	659,250,573
Net claims		(3,507,435)	(11,995,685)	(105,443,581)	(121,084,181)	(4,925,255)	(246,956,137)	(390,450,380)
Management expenses	24	(49,399,823)	(25,958,073)	(42,195,155)	(30,203,963)	(9,569,836)	(157,326,850)	(142,203,061)
Net commission		33,943,266	2,876,954	(19,607,612)	(2,985,924)	9,013,121	23,239,805	21,999,234
Underwriting result		15,583,231	75,304,093	106,590,840	7,289,203	7,240,486	212,007,853	148,596,366
Net investment income							130,637,431	223,483,200
Other income - net	26						21,786,053	8,251,759
General and administration expenses	27						(135,088,337)	(118,003,154)
Share of profit from associates	13.1.2						5,482,214	2,334,451
							22,817,361	116,066,256
Loss from Window Takaful Operations							(1,231,819)	-
Profit before tax							233,593,395	264,662,622
Taxation - net	28						(93,587,119)	(78,795,459)
Profit after tax							140,006,276	185,867,163
Profit and loss appropriation account:								
Balance at commencement of the year							879,048,427	923,622,571
Profit after tax for the year							140,006,276	185,867,163
Other comprehensive income								
- Share in associates' reserves - net of tax							(47,486)	89,546
- Remeasurement of post retirement benefits obligation							(1,542,199)	(1,908,914)
Final cash dividend of Rs. 1.75 (17.5%) per share for the year ended December 31, 2016 [Rs. 5 (50%) per share for the year ended 2015]							(80,017,899)	(228,621,939)
Issue of bonus share at 10% per share of Rs. 10 each for the year ended December 31, 2016 (2016: nil)							(45,724,370)	-
Balance of unappropriated profit at end of the year							891,722,749	879,048,427
								Restated
Earnings per share of Rs.10 each - basic and diluted	29						2.78	3.70

The annexed notes from 1 to 41 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



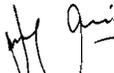
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Comprehensive Income

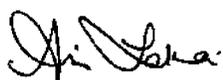
For the year ended December 31, 2017

	2017	2016
	----- (Rupees) -----	
Net profit for the year	140,006,276	185,867,163
Other comprehensive income for the year		
Items that are or may be reclassified subsequently to profit and loss account		
- Share in associates' reserves - net of tax	(47,486)	89,546
Items that will not be reclassified to profit and loss account		
- Remeasurement of post retirement benefits obligation	(1,542,199)	(1,908,914)
Total comprehensive income for the year	138,416,591	184,047,795

The annexed notes from 1 to 41 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



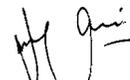
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Changes in Equity

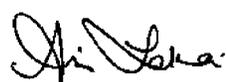
For the year ended December 31, 2017

	Share capital		Reserves			Total
	Issued, subscribed and paid-up	Capital reserves Share premium	Revenue reserves		Total reserves	
			General reserve	Retained earnings		
	----- (Rupees) -----					
Balance as at January 01, 2016	457,243,660	254,024,260	119,000,000	923,622,571	1,296,646,831	1,753,890,491
Changes in equity for the year ended December 31, 2016						
Total comprehensive income for the year						
Profit after taxation	-	-	-	185,867,163	185,867,163	185,867,163
Other comprehensive income						
- remeasurement of post retirement benefits obligation	-	-	-	(1,908,914)	(1,908,914)	(1,908,914)
- share in associates' reserve	-	-	-	89,546	89,546	89,546
	-	-	-	184,047,795	184,047,795	184,047,795
Transaction with owners recorded directly in equity						
Final cash dividend of Rs. 5 (50%) per share for the year ended December 31, 2015	-	-	-	(228,621,939)	(228,621,939)	(228,621,939)
Balance as at December 31, 2016	457,243,660	254,024,260	119,000,000	879,048,427	1,252,072,687	1,709,316,347
Changes in equity for the year ended December 31, 2017						
Total comprehensive income for the year						
Profit for the year	-	-	-	140,006,276	140,006,276	140,006,276
Other comprehensive income						
- remeasurement of post retirement benefits obligation	-	-	-	(1,542,199)	(1,542,199)	(1,542,199)
- share in associates' reserve - net of tax	-	-	-	(47,486)	(47,486)	(47,486)
	-	-	-	138,416,591	138,416,591	138,416,591
Transactions with owners recorded directly in equity						
Final cash dividend of Rs. 1.75 (17.5%) per share for the year ended December 31, 2016	-	-	-	(80,017,899)	(80,017,899)	(80,017,899)
Issue of bonus share at 10% per share of Rs. 10 each for the year ended December 31, 2016	45,724,370	-	-	(45,724,370)	(45,724,370)	-
Balance as at December 31, 2017	502,968,030	254,024,260	119,000,000	891,722,749	1,264,747,009	1,767,715,039

The annexed notes from 1 to 41 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



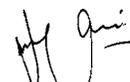
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Cash Flows

For the year ended December 31, 2017

	2017	2016
	----- (Rupees) -----	
Operating cash flows		
(a) Underwriting activities		
Premiums received	997,374,525	1,009,099,482
Reinsurance premiums paid	(462,000,555)	(344,164,842)
Claims paid	(386,530,078)	(471,767,331)
Reinsurance and other recoveries received	121,378,075	84,965,299
Commissions paid	(76,250,958)	(95,862,512)
Commissions received	134,932,505	107,765,898
Net cash inflows from underwriting activities	328,903,514	290,035,994
(b) Other operating activities		
Income tax paid	(93,013,071)	(27,096,626)
General management expenses paid	(261,923,202)	(243,731,403)
Other operating receipts	6,768,950	432,595
Contribution to Window Takaful Operations	(50,000,000)	-
Net cash outflows from other operating activities	(398,167,323)	(270,395,434)
Total cash (outflow) / inflow from all operating activities	(69,263,809)	19,640,560
Investment activities		
Profit / return received	25,564,428	13,844,923
Dividends received	107,733,881	15,548,372
Purchase of investments	(1,585,727,793)	(3,439,630,869)
Proceeds from disposal of investments	1,560,293,798	3,879,277,790
Fixed capital expenditure	(10,090,826)	(30,608,953)
Proceeds from disposal of fixed assets	4,289,701	4,343,315
Total cash inflow from investing activities	102,063,189	442,774,578
Financing activities - Dividends paid	(79,638,955)	(227,345,737)
Net cash (outflows) / inflows from all activities	(46,839,575)	235,069,401
Cash at beginning of the year	407,820,817	172,751,416
Cash at end of the year	360,981,242	407,820,817

Statement of Cash Flows

For the year ended December 31, 2017

	2017	2016
	----- (Rupees) -----	
Reconciliation to profit and loss account		
Operating cash flows	(69,264,308)	19,640,560
Depreciation / amortisation expense	(12,485,956)	(10,653,175)
Gain on disposal of fixed assets	771,484	245,091
Profit on disposal of investments	44,810,969	168,497,697
Dividend income	107,620,405	11,811,172
Investment and other income	6,211,261	56,789,935
Increase / (decrease) in assets other than cash	124,252,612	(16,841,450)
Increase in liabilities	(60,678,372)	(43,622,667)
Loss from Window Takaful Operations	(1,231,819)	-
Profit after taxation	<u>140,006,276</u>	<u>185,867,163</u>

Definition of cash

Cash comprises of cash in hand, policy stamps, bond papers, cheques in hand, bank balances and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

Cash for the purposes of the Statement of Cash Flows consists of:

Cash and other equivalents

Cash	194,627	160,995
Policy stamps and bond papers in hand	1,264,081	838,883
	<u>1,458,708</u>	<u>999,878</u>

Current and other accounts

Current accounts *	8,565,911	8,678,895
Profit and Loss savings accounts	105,956,623	98,142,044
	<u>114,522,534</u>	<u>106,820,939</u>

Deposits maturing within 12 months	245,000,000	300,000,000
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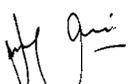
Cash and bank deposits as per balance sheet

	<u>360,981,242</u>	<u>407,820,817</u>
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* This does not include local currency account with a lien amounting to Rs. 0.8 million (December 31, 2016: Rs. 0.8 million), with a commercial bank for letters of credit arranged through the bank for securing claims arising outside Pakistan.

	2017	2016
	----- (Rupees) -----	
Reconciliation of liabilities arising out of financing activities		
Unclaimed dividend as at January 01	3,559,189	2,282,987
Changes from financing activities		
- Dividend paid	(79,638,955)	(227,345,737)
Others		
- Final cash dividend of Rs. 1.75 (17.5%) per share for the year 2016 [Rs. 5 (50%) per share for the year ended 2015]	80,017,899	228,621,939
Unclaimed dividend as at December 31	<u>3,938,133</u>	<u>3,559,189</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

 Iqbal Ali Lakhani Chairman	 Amin Mohammed Lakhani Director	 Tasleemuddin Ahmed Batlay Director	 Mohammad Hussain Hirji Director & Chief Executive	 Sabza Ali Pirani Chief Financial Officer
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Statement of Premiums

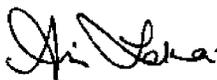
For the year ended December 31, 2017

Business underwritten inside Pakistan

Class	Premiums written (note 23)	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	2017 Net premium revenue	2016 Net premium revenue
		Opening	Closing			Opening	Closing			
----- (Rupees) -----										
Direct and facultative										
1. Fire and property damage	329,607,805	139,919,287	146,190,420	323,336,672	290,944,985	135,407,771	137,563,307	288,789,449	34,547,223	23,443,334
2. Marine, aviation and transport	173,198,662	16,216,428	16,973,312	172,441,778	61,177,995	6,584,718	5,701,832	62,060,881	110,380,897	103,220,765
3. Motor	281,536,490	99,853,420	99,101,638	282,288,272	5,476,049	3,398,962	423,927	8,451,084	273,837,188	246,707,418
4. Accident and health	201,528,292	59,357,776	98,974,912	161,911,156	302,773	209,148	164,036	347,885	161,563,271	270,788,662
5. Miscellaneous	63,852,303	21,690,071	21,768,537	63,773,837	49,470,369	19,938,876	18,357,864	51,051,381	12,722,456	15,090,394
Total	1,049,723,552	337,036,982	383,008,819	1,003,751,715	407,372,171	165,539,475	162,210,966	410,700,680	593,051,035	659,250,573

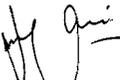
The annexed notes from 1 to 41 form an integral part of these financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Statement of Claims

For the year ended December 31, 2017

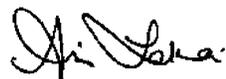
Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2017 Net claims expense	2016 Net claims expense
		Opening	Closing			Opening	Closing			
----- (Rupees) -----										
Direct and facultative										
1. Fire and property damage	58,490,756	28,071,691	36,138,656	66,557,721	54,514,982	23,899,956	32,435,260	63,050,286	3,507,435	3,862,401
2. Marine, aviation and transport	23,617,057	13,234,339	20,437,902	30,820,620	13,471,125	4,982,973	10,336,783	18,824,935	11,995,685	13,737,232
3. Motor	115,913,982	39,123,549	49,907,523	126,697,956	21,142,904	371,712	483,183	21,254,375	105,443,581	88,360,308
4. Accident and health	145,075,153	41,639,154	17,663,374	121,099,373	-	-	15,192	15,192	121,084,181	278,091,042
5. Miscellaneous	43,433,130	42,718,797	41,413,524	42,127,857	37,487,306	31,927,107	31,642,403	37,202,602	4,925,255	6,399,397
Total	386,530,078	164,787,530	165,560,979	387,303,527	126,616,317	61,181,748	74,912,821	140,347,390	246,956,137	390,450,380

The annexed notes from 1 to 41 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



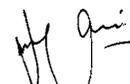
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Expenses

For the year ended December 31, 2017

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses (note 24)	Underwriting expenses	Commission from reinsurers (note 25)	2017 Net underwriting expense	2016 Net underwriting expense
		Opening	Closing						
----- (Rupees) -----									
Direct and facultative									
1. Fire and property damage	42,883,540	18,278,532	19,453,788	41,708,284	49,399,823	91,108,107	75,651,550	15,456,557	9,585,976
2. Marine, aviation and transport	25,395,495	2,440,646	2,540,436	25,295,705	25,958,073	51,253,778	28,172,659	23,081,119	20,050,405
3. Motor	19,973,176	7,228,906	7,376,213	19,825,869	42,195,155	62,021,024	218,257	61,802,767	56,111,123
4. Accident and health	3,084,193	1,338,393	1,347,338	3,075,248	30,203,963	33,279,211	89,324	33,189,887	32,877,222
5. Miscellaneous	5,929,948	1,543,343	1,514,998	5,958,293	9,569,836	15,528,129	14,971,414	556,715	1,579,101
Total	97,266,352	30,829,820	32,232,773	95,863,399	157,326,850	253,190,249	119,103,204	134,087,045	120,203,827

The annexed notes from 1 to 41 form an integral part of these financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Statement of Investment Income

For the year ended December 31, 2017

	2017	2016
	----- (Rupees) -----	
Income from trading investments		
(Loss) / gain on sale of trading investments	(6,637,017)	22,575,484
Dividend income	9,065,441	7,333,017
Unrealised (loss) / gain on remeasurement of securities to fair value - net	(24,933,540)	40,115,594
	(22,505,116)	70,024,095
Income from non-trading investments		
Held to maturity		
Return on government securities	6,342,939	6,319,503
Return on other fixed income securities and deposits	749,793	-
Available-for-sale		
Dividend income	98,554,964	4,478,155
Return on other fixed income security	44,258	-
	105,691,954	10,797,658
Gain on sale of non-trading investments	51,447,986	145,922,213
Reversal for impairment in investment classified as held to maturity	4,253	13,720
Impairment in value of available-for-sale securities - net	(1,127,349)	-
Investment related expenses	(2,874,297)	(3,274,486)
Net investments income	130,637,431	223,483,200

The annexed notes from 1 to 41 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



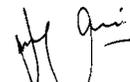
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Notes to the Financial Statements

For the year ended December 31, 2017

1. STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on October 10, 1985 under the repealed Companies Ordinance, 1984 (now Companies Act 2017). The Company is listed on the Pakistan Stock Exchange Limited and is engaged in general insurance business. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

The Company was granted authorization on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations by Securities and Exchange Commission of Pakistan (SECP) and under Takaful Rules, 2012 to carry on general takaful operations in Pakistan. The Company has formed a Waqf for Participants' Fund ("PTF") by executing the Waqf deed dated August 17, 2017. The Company commenced its activities of Window Takaful Operations on August 18, 2017.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through repealed Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated December 12, 2002 (refer note 3.12).

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, repealed SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, Insurance Ordinance, 2000, repealed SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail (refer note 3.11 and 3.12).

2.3 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values.

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional and presentation currency.

2.5 Use of estimates and judgements

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Notes to the Financial Statements

For the year ended December 31, 2017

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- (a) classification of insurance contracts (note 4.2);
- (b) provision for unearned premium and premium due but unpaid (note 4.2.1);
- (c) prepaid reinsurance ceded and amount due from other insurer / reinsurer (note 4.2.2);
- (d) provision for outstanding claims (including IBNR) and reinsurance recoveries there against (4.2.3);
- (e) premium deficiency reserve (note 4.2.6);
- (f) taxation (note 4.4);
- (g) staff retirement benefits (note 4.5);
- (h) classification of investments (note 4.6);
- (i) residual values and useful lives of fixed assets (note 4.7);
- (j) allocation of management expenses (note 4.9);
- (k) segment reporting (note 4.10); and
- (l) impairment (note 4.13).

3. Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2018:

- 3.1 Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 1, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and / or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.
- 3.2 Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after January 1, 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.
- 3.3 Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after January 1, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.
- 3.4 IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 1, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income

is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Company's financial statements.

- 3.5** IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 1, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.
- 3.6** IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The amendments are not likely to have an impact on the Company's financial statements.
- 3.7** IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 1, 2018 and January 1, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard (refer note 3.12 and 4.6.2.3).
- 3.8** Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after July 1, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 1, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The amendments are not likely to have an impact on the Company's financial statements.
- 3.9** Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after January 1, 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.
- 3.10** Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement-the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

Notes to the Financial Statements

For the year ended December 31, 2017

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a Company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after January 1, 2019 and are not likely to have an impact on Company's financial statements.

- 3.11** The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on January 1, 2018 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. The amendments are not likely to have an impact on Company's financial statements except extended disclosures.
- 3.12** Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated February 9, 2017 has issued the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 (the new Rules and Regulations). The application of these Regulations and Rules for the purpose of preparation and presentation of the financial statements was effective from April 1, 2017.

SECP vide letter ID /OSM /Century /2017 /10537, dated 8 August 2017 has granted exemption to the Company to prepare their half yearly accounts for the period ended June 30, 2017 in accordance with the requirements of repealed SEC (Insurance) Rules 2002 and has allowed the application of New Regulation effective from the accounting year commencing from January 1, 2018. Further, SECP granted exemption to the Company vide letter ID/OSM/Century/2017/12197 dated October 6, 2017 to prepare their financial statements for the quarter ended September 30, 2017 and annual financial statements for the year ended December 31, 2017, in accordance with the requirements of repealed SEC (Insurance) Rules, 2002. Hence, these financial statements for the year ended December 31, 2017 are prepared in accordance with the requirements of repealed SEC (Insurance) Rules 2002.

The new Rules and Regulations require significant disclosures / requirements, which are relevant to the Company includes but not limited to: Presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of premium receivable under a insurance policy / cover note as written from the date of attachment of risk to the policy / cover note and insurance policy is required to be issued where premium has been received by the insurer either in full or installment. The management has completed the initial assessment of changes required in respect of the above stated requirements and considered major impact in accordance with the format prescribed by SEC Insurance Rules, 2017 is on Presentation and disclosure of financial statements as per Annexure II of the Insurance Rules, 2017 and on valuation of available-for-sale investments, the impact of which has been disclosed in note 4.6.2.3.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as stated below have been applied consistently to all periods presented in these financial statements except for adoption of accounting policies of Window Takaful Operations (refer note 4.16).

4.1 Standards, interpretations and amendments effective during the current year

During the year, certain new standards and amendments to existing standards became effective. However, they did not have material affect on these financial statements.

4.2 Insurance contracts

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders are insurance policy contracts. The Company enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, money, engineering losses and other insurance contracts with group companies, corporate clients and individuals residing or located in Pakistan.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters in to reinsurance contracts with both foreign and local reinsurers.

These reinsurance contracts includes both treaty and facultative arrangements and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

4.2.1 Premiums

Premiums under a policy are recognised as revenue at the time of issuance of insurance policy. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Company. The unearned premium is calculated by applying 1/24 method as specified in the repealed SEC (Insurance) Rules, 2002. Administrative surcharge is recognised as revenue at the time of issuance of insurance policy.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises it as impairment loss. Premium received in advance is recognized as liability till the time of issuance of insurance contracts there against.

4.2.2 Reinsurance ceded

Reinsurance liabilities represent balances due to reinsurance companies. Balances payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Notes to the Financial Statements

For the year ended December 31, 2017

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets as required by Insurance Ordinance, 2000.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

The Company assesses its reinsurance assets for impairment on reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises it as impairment loss.

4.2.3 Claims expense

Insurance claims include all claims occurred, whether reported or not. Internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Reinsurance Recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company is required, as per SECP circular no. 9 of 2016 dated March 09, 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at December 31, 2017 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

4.2.4 Reinsurance recoveries against outstanding claims

Claims recoveries from the reinsurer are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

4.2.5 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method. Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance arrangements, is recognised when the Company's right to receive the same is established.

4.2.6 Premium deficiency reserve

The Company is required as per repealed SEC (Insurance) Rules, 2002 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense and the same shall be recognised as a liability.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgement is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is estimated. The loss ratios estimated on these basis for the unexpired portion are as follows:

Class	Percentage
Fire and property damage	10%
Marine, aviation and transport	11%
Motor	38%
Accident and Health	75%
Miscellaneous	39%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date. The liability of premium deficiency in relation to all classes of business is calculated in accordance with the advice of the actuary. Hence, no provision for the same has been made in these financial statements.

4.3 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.4 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or in other comprehensive

Notes to the Financial Statements

For the year ended December 31, 2017

income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.5 Staff retirement benefits

4.5.1 Defined benefit plan

The Company operates an approved and funded gratuity scheme for all permanent employees who attain the minimum qualification period for entitlement to gratuity. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account and actuarial gains / loss are recognised in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods.

The last actuarial valuation of the Company's defined benefit plan was carried on as of December 31, 2017.

4.5.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 10 percent of basic salary plus cost of living allowance.

4.5.3 Employees' compensated absences

The Company accounts for the liability in respect of eligible employees' compensated absences in the period in which they are earned.

4.6 Investments

4.6.1 Recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs, except for held for trading in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- Investment at fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

4.6.2 Measurement

4.6.2.1 Investment at fair value through profit or loss - held for trading

Investments which are acquired principally for the purposes of generating profit from short-term fluctuation in market price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are remeasured at fair market value. Gains or losses on investments on remeasurement of these investments are recognised in profit and loss account.

4.6.2.2 Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective yield.

4.6.2.3 Available-for-sale

These are investments that do not fall under investment at fair value through profit or loss or held to maturity categories.

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the repealed SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002. The Company uses stock exchange quotations at the reporting date to determine the market value.

Notes to the Financial Statements

For the year ended December 31, 2017

The SECP has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) “Financial Instruments: Recognition and Measurement” in respect of valuation of ‘available-for-sale investments’. Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

Had the Company adopted International Accounting Standard (IAS) 39 “Financial Instruments Recognition and Measurement” the investments of the Company would have been (lower) / higher by Rs. (53.238) million (December 31, 2016: Rs. 212.658 million) and net equity would have been (lower) / higher by Rs. (37.267) million - net of tax (December 31, 2016; Rs. 146.734 million).

Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

4.6.2.4 Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost, thereafter the Company’s share of the changes in the net assets of the associates are accounted for at the end of each reporting period less impairment loss, if any. Share of profit and loss of associate is accounted for in the Company’s profit and loss account, whereas changes in the associate’s equity which has not been recognised in the associates profit and loss account, are recognised directly in equity of the Company. The goodwill relating to an associate arising on the acquisition of the investment is included in the carrying value of the investments.

After the application of equity method including recognising the associates losses, the Company determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in associate by comparing the entire carrying amount including goodwill with its recoverable amount i.e. the higher of value in use or fair market price less cost to sell. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

4.6.2.5 Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from MUFAP page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

4.6.2.6 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

4.7 Fixed assets

4.7.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 21.1 to the financial statements, after taking into account residual value.

Depreciation on additions is charged from the month in which the asset is put to use whereas no depreciation is charged from the month the asset is disposed off.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is possible that the future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account currently.

An item of tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

4.7.2 Capital work-in-progress

Capital work-in-progress including advances made for capital expenditure is stated at cost less impairment, if any.

4.7.3 Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 21.4 to the financial statements. Amortisation on additions is charged from the month in which the asset is acquired or capitalised whereas no amortisation is charged from the month the asset is disposed off.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets' are written down to their estimated recoverable amounts.

4.8 Investment income

Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.

Dividend income from investments, other than those which are accounted for under the equity method is recognised when the Company's right to receive the payment is established.

Notes to the Financial Statements

For the year ended December 31, 2017

Gain or loss on sale of investment is included in income currently.

Return on bank deposits is recognised on a time proportionate basis taking into account the effective yield.

Return on fixed income securities is recognised on a time proportion basis taking into account the effective yield on the investments.

4.9 Management expenses

These are allocated to various classes of business in proportion to the respective gross premium written for the year. Expenses not allocable to the underwriting business are charged as administrative and investments related expenses.

4.10 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the repealed SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Company has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Accident and health insurance provides cover to compensate personal accident, hospitalisation and outpatient medical coverage to the insured.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, travel, money, engineering losses and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of premium written.

4.11 Foreign currency translation

Foreign currency transactions during the period are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.12 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.13 Impairment

The carrying amount of assets (other than deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

4.14 Financial instruments

Financial instruments carried on the reporting date include cash and bank, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income currently.

4.15. Transaction with related parties

All transactions involving related parties arising in the normal course of business are conducted at agreed / commercial terms and conditions.

Notes to the Financial Statements

For the year ended December 31, 2017

4.16 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2017.

4.17 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriations are recognized when approved.

5. PAID-UP SHARE CAPITAL

2017	2016		2017	2016
----- Number of shares -----			----- (Rupees) -----	
13,981,213	13,981,213	Ordinary shares of Rs. 10 each issued as fully paid in cash	139,812,130	139,812,130
36,315,590	31,743,153	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	363,155,900	317,431,530
<u>50,296,803</u>	<u>45,724,366</u>		<u>502,968,030</u>	<u>457,243,660</u>

5.1 Ordinary shares of the Company held by associated companies / persons are as follows:

	2017	2016
	----- Number of shares -----	
Siza (Private) Limited	7,157,361	6,506,692
Siza Services (Private) Limited	11,852,141	10,774,674
Siza Commodities (Private) Limited	4,993,103	4,539,185
Premier Fashions (Private) Limited	14,564,873	13,240,794
Directors and their spouses	42,921	37,555
Related parties - individuals	5,380	6,358
	<u>38,615,779</u>	<u>35,105,258</u>

6 AMOUNTS DUE TO OTHER INSURERS / REINSURERS

	2017	2016
	----- (Rupees) -----	
Foreign reinsurers	30,073,147	60,113,996
Local reinsurers	165,183,254	171,703,972
Co-insurers	29,895,243	28,921,950
	<u>225,151,644</u>	<u>260,739,918</u>

7 ACCRUED EXPENSES

Auditors' remuneration	585,000	755,000
Professional services fee	472,716	545,000
Provision for compensated absences	5,578,045	5,154,141
Salaries and allowances - due to related party	1,348,824	-
Utilities and others	1,071,072	1,339,695
Investment advisory fee - due to related party	-	1,557,136
	<u>9,055,657</u>	<u>9,350,972</u>

8 TAXATION - NET

Provision for taxation	111,301,646	71,203,330
Advance tax including tax deducted at source	(63,307,899)	(41,479,125)
	<u>47,993,747</u>	<u>29,724,205</u>

Note	2017	2016
	----- (Rupees) -----	-----

9 OTHER CREDITORS AND ACCRUALS

Creditors	2,066,334	2,085,221
Federal excise duty	11,661,916	9,230,240
Federal insurance fees	953,289	706,688
Retention money	103,260	65,851
Commission payable	93,356,580	73,927,799
Payable against purchase of shares	251,868	3,053,518
Withholding tax payable	1,018,897	677,716
Staff retirement benefits	5,171,457	4,984,383
Others	529,533	170,005
	<u>115,113,134</u>	<u>94,901,421</u>

9.1 This includes a sum of Rs. 65.744 million (December 31, 2016: Rs. 47.29 million) due to related parties.

9.2 STAFF RETIREMENT BENEFITS

Defined benefit plan - gratuity scheme

The actuarial valuations are carried out annually and contributions are made accordingly. Following were the significant assumptions used for valuation of the scheme:

- Discount rate 9% (December 31, 2016: 9%) per annum.
- Expected rate of increase in the salaries of the employees 9% (December 31, 2016: 9%) per annum.
- Expected interest rate on plan assets of the scheme 9% (December 31, 2016: 9%) per annum.
- Average length of service of the employees 7.48 years (December 31, 2016: 6.65 years).

9.2.1 Liability in balance sheet

	2017	2016
	----- (Rupees) -----	-----
Present value of defined benefit obligations	34,104,296	28,548,972
Fair value of plan assets	(28,932,839)	(23,564,589)
	<u>5,171,457</u>	<u>4,984,383</u>

9.2.2 Movement in liability during the year

Opening balance	4,984,383	3,758,322
Charge to profit and loss account	3,629,258	3,075,468
Charged to other comprehensive income	1,542,199	1,908,914
Contributions to the fund during the year	(4,984,383)	(3,758,321)
Closing balance	<u>5,171,457</u>	<u>4,984,383</u>

9.2.3 Reconciliation of the present value of defined benefit obligations

Present value of obligations as at January 01	28,548,972	22,287,820
Current service cost	3,404,961	2,887,552
Interest cost	2,537,525	2,156,835
Benefits paid	(708,493)	(1,438,945)
Actuarial loss	321,331	2,655,710
Present value of obligations as at December 31	<u>34,104,296</u>	<u>28,548,972</u>

Notes to the Financial Statements

For the year ended December 31, 2017

	2017	2016			
	----- (Rupees) -----				
9.2.4 Reconciliation of the fair value of plan assets					
Fair value of plan assets as at January 01	23,564,589	18,529,498			
Expected return on plan assets	2,313,228	1,968,919			
Contribution to the fund	4,984,383	3,758,321			
Benefits paid	(708,493)	(1,438,945)			
Actuarial (loss) / gain	(1,220,868)	746,796			
Fair value of plan assets as at December 31	<u>28,932,839</u>	<u>23,564,589</u>			
9.2.5 Charge for the defined benefit plan					
Current service cost	3,404,961	2,887,552			
Interest cost	2,537,525	2,156,835			
Expected return on plan assets	(2,313,228)	(1,968,919)			
	<u>3,629,258</u>	<u>3,075,468</u>			
9.2.6 Actual return on plan assets					
Expected return on assets	2,313,228	1,968,919			
Actuarial (loss) / gain on assets	(1,220,868)	746,796			
	<u>1,092,360</u>	<u>2,715,715</u>			
9.2.7 Composition of fair value of plan assets	2017	2016			
	Fair value (Rupees)	Fair value (Rupees)			
	Percentage	Percentage			
Treasury bills	21,789,432	7,052,132			
Funds - a related party	3,914,197	3,786,369			
Pakistan investment bonds	102,830	12,521,897			
Islamic Sukuk	1,008,750	-			
Cash and bank balances	2,117,630	204,190			
Fair value of plan assets	<u>28,932,839</u>	<u>23,564,588</u>			
	100%	100%			
9.2.8 Historical data of the fund	2017	2016	2015	2014	2013
	----- (Rupees) -----				
Present value of defined benefit obligations	34,104,296	28,548,972	22,287,820	18,261,587	15,000,469
Fair value of plan assets	(28,932,839)	(23,564,589)	(18,529,498)	(15,777,339)	(10,939,163)
Deficit	<u>5,171,457</u>	<u>4,984,383</u>	<u>3,758,322</u>	<u>2,484,248</u>	<u>4,061,306</u>
Experience adjustments					
Actuarial loss / (gain) on obligation	321,331	2,655,710	290,161	(252,831)	126,061
Actuarial (loss) / gain on assets	<u>(1,220,868)</u>	<u>746,796</u>	<u>(692,334)</u>	<u>(293,441)</u>	<u>(172,674)</u>

9.2.9 The estimated contribution to the fund for the year ended December 31, 2018 is Rs. 4.102 million.

9.2.10 Sensitivity analysis

	Change in assumption	Impact on Defined Benefit Obligation	
		2017	2016
		----- (Rupees) -----	
Discount rate	+1	30,198,204	25,071,201
Discount rate	-1	38,754,991	32,712,155
Long term salary increase	+1	39,063,016	32,944,938
Long term salary increase	-1	29,889,307	24,832,395
		2017	2016
		----- (Rupees) -----	

10 DEPOSITS AND OTHER PAYABLES

Margin deposits	10.1	4,589,134	3,186,601
Deposits from employees against car scheme	10.2	7,820,421	4,751,775
		12,409,555	7,938,376

10.1 This represents margin deposit on account of performance bond policies issued by the Company.

10.2 This represents amount withheld from employees' salary against motor vehicle installments.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

During the year 2016, the Company received orders under section 122(5A) passed by the Additional Commissioner Inland Revenue for the Tax Years 2015 on issue of treating dividend income as single basket income and to be taxed @ 35% instead of fixed rate of 10% resulting aggregate demand of Rs. 0.936 million. The Company filed appeal against the said orders to CIT (Appeals) which is pending adjudication. It is further submitted that Appeal on similar issue in respect of Tax Year 2014 have been decided in company's favor by the CIT (Appeals).

During the year 2015, the Company received orders under section 122(5A) passed by the ACIR for the tax years 2009 to 2013 wherein prior year assessments were revised on similar issue as mentioned above resulting in aggregate demand of Rs. 26.35 million. The Company had paid Rs. 2.9 million in protest against demand for tax year 2009 before going in appeal and applied for rectification of remaining order in respect of short credits allowed. The ACIR issued revised orders and now aggregated demand is Rs. 14.609 million. The Company had filed appeals against the said orders with CIT (Appeals) that was rejected by the CIT (Appeals) through a combined order for five years. Thereafter, the Company filed an appeal against the order of CIT (Appeal) with Appellate Tribunal Revenue which is pending adjudication.

The Company, based on the opinion of its tax advisor, is confident that the ultimate outcome of the appeal will be in its favor. Hence, no provision for the said demands has been made in these financial statements.

11.2 Commitments

Capital work-in-progress
Purchase of office equipment

2017	2016
----- (Rupees) -----	
-	300,515

Notes to the Financial Statements

For the year ended December 31, 2017

		2017	2016
		----- (Rupees) -----	
12	CASH AND BANK DEPOSITS		
	Cash and other equivalents		
	Cash	194,627	160,995
	Policy stamps and bond papers in hand	1,264,081	838,883
		1,458,708	999,878
	Current and other accounts		
	Current accounts	9,365,911	9,478,895
	Profit and loss savings accounts	105,956,623	98,142,044
		115,322,534	107,620,939
	Deposits maturing within 12 months		
	Deposit accounts	245,000,000	300,000,000
		361,781,242	408,620,817
12.1	This includes lien on a local currency account, amounting to Rs. 0.8 million (December 31, 2016: Rs. 0.8 million) in respect of letters of credit arranged through a bank for securing claims arising outside Pakistan.		
12.2	The rate of return on PLS savings accounts maintained at various banks range from 3.75% to 4.5% per annum (December 31, 2016: 3.75% to 5.5% per annum).		
12.3	The rate of return on term deposit certificates issued by various banks ranges from 6.7% to 9.5% per annum (2016: 6.5% to 11%) depending on tenor. These term deposit certificates have maturities upto December 2018.		
13	INVESTMENTS		
	In related parties		
	Investment in associates under equity accounting	42,137,247	38,284,477
	Available-for-sale - quoted mutual funds	538,257,008	494,109,919
		580,394,255	532,394,396
	Others		
	Investments at fair value through profit or loss - held for trading		
	Quoted equity securities	158,467,869	204,596,954
	Government securities	22,980,437	1,018,782
		181,448,306	205,615,736
	Held to maturity		
	Government securities	49,068,199	48,725,260
	Commercial paper	52,850,660	-
	Term finance certificates - quoted	-	-
		101,918,859	48,725,260
	Available-for-sale		
	Quoted equity securities and mutual funds	458,612,387	709,299,406
	Sukuk	5,000,000	-
		463,612,387	709,299,406
		1,327,373,807	1,496,034,798

13.1 Investment in associates under equity accounting

13.1.1 Particulars of investment in associates - listed

Number of shares		Face value per share (Rupees)	Name of associates	2017	2016
2017	2016			----- (Rupees) -----	
629,495	629,495	10	Century Paper & Board Mills Limited	32,442,626	29,506,203
17,639	17,639	10	Colgate-Palmolive (Pakistan) Limited	9,694,621	8,778,274
				42,137,247	38,284,477

13.1.2 Movement of investment in associates - listed

	Beginning of the year	Share of profit / (loss)	Dividend received	Share in equity	Disposal of shares	2017	2016
	----- (Rupees) -----						
Century Paper & Board Mills Limited	29,506,203	3,941,646	(944,242)	(60,981)	-	32,442,626	29,506,203
Colgate-Palmolive (Pakistan) Limited	8,778,274	1,540,568	(617,365)	(6,856)	-	9,694,621	8,778,274
	38,284,477	5,482,214	(1,561,607)	(67,837)	-	42,137,247	38,284,477

13.1.3 Latest available interim financial information (un audited) of the associates of the Company is as follows:

Name of associate	Country of incorporation / listing	Total assets*	Total liabilities*	Net assets*	Revenues*	Profit after tax*	Interest held %
		----- (Rupees in '000) -----					
2017							
Century Paper & Board Mills Limited	Pakistan	15,942,194	10,035,125	5,907,069	8,890,593	434,482	0.43
Colgate-Palmolive (Pakistan) Limited	Pakistan	15,992,917	3,500,767	12,492,150	15,749,323	1,667,735	0.04
		31,935,111	13,535,892	18,399,219	24,639,916	2,102,217	
2016							
Century Paper & Board Mills Limited	Pakistan	15,163,363	9,277,825	5,885,538	3,213,874	34,972	0.43
Colgate-Palmolive (Pakistan) Limited	Pakistan	14,219,571	4,219,858	9,999,713	6,861,048	735,834	0.04
		29,382,934	13,497,683	15,885,251	10,074,922	770,806	

* These represent amounts reported in un-audited financial statements for the period ended December 31, 2017. (2016: September 30, 2016)

13.1.4 Market value of investment in associates is Rs. 88.499 million (December 31, 2016: Rs. 70.810 million).

13.2 Available-for-sale - quoted mutual funds

13.2.1 Related parties

Number of units		Face value per unit (Rupees)	Name of entity	2017	2016
2017	2016			----- (Rupees) -----	
Open-end mutual funds					
2,793,706	2,673,098	100	Lakson Equity Fund	302,389,548	277,109,919
2,078,238	1,896,737	100	Lakson Tactical Fund	235,867,460	217,000,000
				538,257,008	494,109,919

13.2.2 Market value of investment in related parties classified as available-for-sale is Rs. 511.533 million (December 31, 2016: Rs. 602.172 million).

13.3 Held to maturity

13.3.1 Government securities

Number of certificates		Face value per certificate (Rupees)	Particulars	Coupon rate	Profit payment	Maturity date	2017	2016
2017	2016						----- (Rupees) -----	
1	1	25,000,000	Pakistan Investment Bond* (10 years)	12.00%	Semi annually	30 August 2018	24,836,696	24,611,787
1	1	25,000,000	Pakistan Investment Bond* (10 years)	12.00%	Semi annually	19 July 2022	24,231,503	24,113,473
							49,068,199	48,725,260

* These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

Notes to the Financial Statements

For the year ended December 31, 2017

13.3.2 Market value of Pakistan Investment Bonds is Rs. 54.949 million (December 31, 2016: Rs. 57.156 million).

13.4 Held to maturity

13.4.1 Term finance certificates - quoted

Number of certificates		Face value per certificate (Rupees)	Name of investee	Profit rate (note 13.4.2)	Maturity date	2017	2016
2017	2016					----- (Rupees) -----	
200	200	5,000	Telecard Limited	Base rate plus 3.75% per annum*	27 May 2011	293,292	297,545
				Less: Provision for impairment		293,292	297,545
						(293,292)	(297,545)
						-	-

* Base rate is defined as six months KIBOR

13.4.2 Profit on these term finance certificates is received on semi-annual basis.

13.4.3 Market value of quoted term finance certificates is not available (December 31, 2016: Rs. Nil) as the same is classified in non performing category by Mutual Funds Association of Pakistan as at December 31, 2017.

13.5 Available-for-sale - quoted equity securities and mutual funds

	Note	2017	2016
		----- (Rupees) -----	
Cost	13.5.1	461,509,921	711,069,591
Provision for impairment - net of reversals	13.5.2	(2,897,534)	(1,770,185)
		<u>458,612,387</u>	<u>709,299,406</u>

13.5.1 Market value of quoted available-for-sale investments is Rs. 437.1 million (December 31, 2016: Rs. 815.665 million).

13.5.2 Provision for impairment - net of reversals

Opening provision	1,770,185	1,770,185
Impairment made	1,127,349	-
Closing provision	<u>2,897,534</u>	<u>1,770,185</u>

14 DEFERRED TAXATION

Deferred tax asset / (liability) arising in respect of:

Accelerated depreciation on operating fixed assets	(1,157,149)	(1,221,936)
Unrealised loss / (gain) on remeasurement of securities to fair value - net	1,696,320	(12,435,834)
Provision for claims incurred but not reported (IBNR)	2,316,926	4,436,875
Provision for compensated absences	1,673,414	1,597,784
Share of profit from associates	(1,362,771)	(213,838)
Provision against receivables	16,106,318	9,765,026
	<u>19,273,058</u>	<u>1,928,077</u>
Share in associates' reserves	20,351	-
	<u>19,293,409</u>	<u>1,928,077</u>

		2017	2016
	Note	----- (Rupees) -----	-----
15	PREMIUMS DUE BUT UNPAID		
	Unsecured		
	Considered good	314,279,731	245,046,777
	Considered doubtful	9,197,111	8,848,257
		<u>323,476,842</u>	<u>253,895,034</u>
	Provision for doubtful balances	(9,197,111)	(8,848,257)
		<u>314,279,731</u>	<u>245,046,777</u>
15.1	This includes a sum of Rs. 173.690 million (December 31, 2016: Rs. 98.410 million) due from related parties.		
15.2	Provision for doubtful balances		
	Opening balance	8,848,257	7,898,928
	Provision made during the year	444,586	1,189,136
	Recoveries during the year	(95,732)	(239,807)
		<u>348,854</u>	<u>949,329</u>
	Closing balance	<u>9,197,111</u>	<u>8,848,257</u>
16	AMOUNTS DUE FROM OTHER INSURERS / REINSURERS		
	Unsecured		
	Considered good		
	Foreign reinsurers	323,250	115,363
	Local reinsurers	47,989,297	46,238,090
	Co-insurers	61,942,204	72,284,766
		<u>110,254,751</u>	<u>118,638,219</u>
	Provision for doubtful balances	(44,490,617)	(22,651,825)
		<u>65,764,134</u>	<u>95,986,394</u>
16.1	Provision for doubtful balances		
	Opening balance	22,651,825	816,102
	Provision made during the year	21,838,792	21,835,723
	Recoveries during the year	-	-
		<u>21,838,792</u>	<u>21,835,723</u>
	Closing balance	<u>44,490,617</u>	<u>22,651,825</u>
17	ACCRUED INVESTMENT INCOME		
	Return on Government Securities	2,391,782	2,391,782
	Return on fixed income security	44,258	-
	Dividend receivable on equity securities	3,627,068	617,330
		<u>6,063,108</u>	<u>3,009,112</u>

Notes to the Financial Statements

For the year ended December 31, 2017

18 REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS

These are unsecured and considered good.

19 PREPAYMENTS

Prepaid reinsurance premium ceded
Others

	2017	2016
	----- (Rupees) -----	
Prepaid reinsurance premium ceded	162,210,966	165,539,475
Others	8,504,000	8,419,840
	170,714,966	173,959,315

20 SUNDRY RECEIVABLES

Profit on bank deposits - savings accounts
Security deposits
Advance to employees
Advance against expenses
Receivable against sale of shares
Receivable from Window Takaful Operations
Others

Profit on bank deposits - savings accounts	2,307,580	1,082,107
Security deposits	6,029,167	5,936,167
Advance to employees	2,670,633	2,226,647
Advance against expenses	99,000	774,604
Receivable against sale of shares	218,900,569	4,979,685
Receivable from Window Takaful Operations	1,297,833	-
Others	1,169,308	356,294
	232,474,090	15,355,504

21 FIXED ASSETS

21.1 Tangible assets

	December 31, 2017									
	Cost				Depreciation				Written down value as at December 31, 2017	Depreciation rate %
	As at January 01, 2017	Additions	Disposals	As at December 31, 2017	As at January 01, 2017	For the year	(Disposals)	As at December 31, 2017		
	----- (Rupees) -----									
Office improvement	18,267,705	620,190	540,868	18,347,027	12,970,089	917,727	540,855	13,346,961	5,000,066	10
Furniture and fixtures	14,068,155	317,000	132,132	14,253,023	7,406,325	1,026,883	132,110	8,301,098	5,951,925	10
Office equipment	11,685,988	2,292,955	897,249	13,081,694	6,988,555	1,756,149	769,290	7,975,414	5,106,280	10 - 33
Computer and related accessories	7,684,622	388,450	165,800	7,907,272	6,788,049	577,023	158,380	7,206,692	700,580	33
Motor vehicles	68,896,811	8,876,003	6,617,705	71,155,109	21,358,779	7,587,064	3,234,902	25,710,941	45,444,168	20
	120,603,281	12,494,598	8,353,754	124,744,125	55,511,797	11,864,846	4,835,537	62,541,106	62,203,019	
	----- (Rupees) -----									
	December 31, 2016									
	Cost				Depreciation				Written down value as at December 31, 2016	Depreciation rate %
	As at January 01, 2016	Additions	Disposals	As at December 31, 2016	As at January 01, 2016	For the year	(Disposals)	As at December 31, 2016		
	----- (Rupees) -----									
Office improvement	18,470,443	1,057,588	1,260,326	18,267,705	13,096,668	939,703	1,066,282	12,970,089	5,297,616	10
Furniture and fixtures	12,877,277	2,076,060	885,182	14,068,155	7,240,604	951,605	785,884	7,406,325	6,661,830	10
Office equipment	10,968,442	1,567,798	850,252	11,685,988	6,276,362	1,536,772	824,579	6,988,555	4,697,433	10 - 33
Computer and related accessories	7,398,983	629,735	344,096	7,684,622	6,481,203	650,919	344,073	6,788,049	896,573	33
Motor vehicles	52,060,461	25,518,000	8,681,650	68,896,811	20,301,233	5,960,010	4,902,464	21,358,779	47,538,032	20
	101,775,606	30,849,181	12,021,506	120,603,281	53,396,070	10,039,009	7,923,282	55,511,797	65,091,484	

21.2 Depreciation charge for the year has been allocated as follows:

		2017	2016
	Note	----- (Rupees) -----	
Management expenses	24	6,288,368	5,320,675
General and administration expenses	27	5,576,478	4,718,334
		11,864,846	10,039,009

21.3 Capital work-in-progress

Advance against purchase of vehicles	3,366,000	5,369,000
Advance against renovation of office	100,500	100,500
Advance against purchase of office equipments	-	450,772
	3,466,500	5,920,272

21.4 Intangible assets

	Cost				Amortisation				Written down value as at December 31, 2017	Amortisation rate %
	As at January 01, 2017	Additions	(Disposals / written off)	As at December 31, 2017	As at January 01, 2017	For the year	(Disposals / written off)	As at December 31, 2017		
	----- (Rupees) -----									
Computer software	6,956,837	50,000	-	7,006,837	5,913,140	621,110	-	6,534,250	472,587	33
2016	6,956,837	-	-	6,956,837	5,298,974	614,166	-	5,913,140	1,043,697	33

21.5 Amortisation charge for the year has been allocated as follows:

		2017	2016
	Note	----- (Rupees) -----	
Management expenses	24	329,188	325,508
General and administration expenses	27	291,922	288,658
		621,110	614,166

Notes to the Financial Statements

For the year ended December 31, 2017

21.6 Disposal of tangible and intangible assets

	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss) (note 26)	Mode of disposal	Sold to
	----- (Rupees) -----						
Furniture and Fixture	132,132	132,110	22	500	478	Negotiation	Star Comm
Office Improvement	540,868	540,855	13	100	87	Negotiation	Star Comm
Computer and Related accessories	6,500	6,499	1	2,000	1,999	Negotiation	Enterfame Traders
Computer and Related accessories	114,800	114,798	2	2,000	1,998	Negotiation	Star Com
Computer and Related accessories	44,500	37,083	7,417	24,701	17,284	Insurance Claim	EFU General Insurance
Office Equipment	20,000	14,444	5,556	5,000	(556)	Insurance Claim	EFU General Insurance
Office Equipment	136,460	45,486	90,974	111,000	20,026	Insurance Claim	EFU General Insurance
Office Equipment	740,789	709,359	31,430	24,400	(7,030)	Negotiation	Star Comm
Motor vehicle	560,000	160,000	400,000	430,000	30,000	Negotiation	Ashique Ali Shahzad
Motor vehicle	575,730	345,438	230,292	420,000	189,708	Negotiation	Ashique Ali Shahzad
Motor vehicle	1,319,000	791,400	527,600	935,000	407,400	Negotiation	Ashique Ali Shahzad
Motor vehicle	1,695,000	1,017,000	678,000	1,040,000	362,000	Negotiation	Ashique Ali Shahzad
Motor vehicle	1,500,000	400,000	1,100,000	950,000	(150,000)	Negotiation	Muneer
Motor vehicle	75,900	60,900	15,000	10,000	(5,000)	Negotiation	Muhammad Shahid
Motor vehicle	48,175	30,410	17,765	13,000	(4,765)	Negotiation	Bilal Ahmed
Motor vehicle	94,400	60,875	33,525	23,000	(10,525)	Negotiation	M. Hashmat
Motor vehicle	94,400	60,873	33,527	29,000	(4,527)	Negotiation	M. Hashmat
Motor vehicle	98,400	51,430	46,970	28,000	(18,970)	Negotiation	M. Hashmat
Motor vehicle	43,500	15,200	28,300	9,000	(19,300)	Negotiation	M. Hashmat
Motor vehicle	114,000	46,200	67,800	50,000	(17,800)	Negotiation	M. Hashmat
Motor vehicle	63,500	16,975	46,525	31,000	(15,525)	Negotiation	M. Hashmat
Motor vehicle	96,400	58,337	38,063	28,000	(10,063)	Negotiation	M. Hashmat
Motor vehicle	94,400	59,550	34,850	21,000	(13,850)	Negotiation	Muhammad
Motor vehicle	43,500	15,675	27,825	8,000	(19,825)	Negotiation	Bilal Ahmed
Motor vehicle	101,400	44,640	56,760	95,000	38,240	Insurance Claim	EFU General Insurance
	8,353,754	4,835,537	3,518,217	4,289,701	771,484		

22 WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND

2017

----- (Rupees) -----

Assets

Cash and bank deposits

24,683,106

Investments

25,000,000

Taxation

369,546

Current assets - other

2,580,968

Total assets

52,633,620

Total liabilities - current

3,495,893

For the period
from 17 August
2017 to 31
December

2017

----- (Rupees) -----

Loss before tax

1,231,819

Details of total assets, total liabilities and segment disclosure of Window Takaful Operations are stated in the financial statements for the year ended December 31, 2017.

23 NET PREMIUM REVENUE - ADMINISTRATIVE SURCHARGE

Premium written and net premium revenue include administrative surcharge, class wise details of which are given below:

	Note	2017 ----- (Rupees) -----	2016 -----
Fire and property damage		1,535,278	1,464,028
Marine, aviation and transport		4,713,622	4,554,653
Motor		24,464,122	7,017,513
Accident and health		156,223	159,816
Miscellaneous		805,590	788,849
		31,674,835	13,984,859
24 MANAGEMENT EXPENSES			
Salaries, wages and benefits	24.1	88,864,986	84,529,894
Rent, taxes and electricity		10,715,396	10,090,704
Communications		4,328,459	3,921,387
Printing and stationery		2,441,334	2,532,671
Travelling and entertainment		2,791,409	2,519,677
Repairs and maintenance		2,266,018	1,832,671
Advertisement and sales promotion		772,932	1,555,782
Rental for tracking devices		11,861,590	10,549,390
Depreciation	21.2	6,288,368	5,320,675
Amortisation	21.5	329,188	325,508
Legal and professional charges		1,292,750	1,353,442
Workers' Welfare Fund		-	(8,078,011)
Provision against premium due but unpaid - net	15.2	348,854	949,329
Provision against amount due from other insurers / reinsurers	16.1	21,838,792	21,835,723
Service charges	24.2	3,186,774	2,964,219
		157,326,850	142,203,061

24.1 These include Rs. 3.04 million (2016: Rs. 2.749 million) in respect of employees' provident fund and Rs. 1.924 million (2016: Rs. 1.630 million) in respect of defined benefit plan.

24.2 These represents service charges charged at 2.5% in respect of co-insurance recoveries.

25 COMMISSION FROM REINSURERS

Class	Commissions received or receivable	Opening commission unearned	Closing commission unearned	Commissions from reinsurers
	----- (Rupees) -----			
Fire and property damage	71,730,314	35,105,917	31,184,681	75,651,550
Marine, aviation and transport	27,851,641	2,575,145	2,254,127	28,172,659
Motor	175,679	95,166	52,588	218,257
Accident and Health	95,373	45,622	51,671	89,324
Miscellaneous	14,653,570	5,304,078	4,986,234	14,971,414
	114,506,577	43,125,928	38,529,301	119,103,204

27.2 Provident Fund (the Fund) Disclosures

The following information is based on the latest un-audited financial statements of the Fund:

	Note	Unaudited 2017 ----- (Rupees) -----	Audited 2016 -----
Size of the Fund - total assets	27.3	47,222,964	39,753,610
Cost of investment made		45,667,858	37,381,200
Fair value of investments		45,021,362	38,024,406
Percentage of investment made		97%	94%

27.3 The break-up of fair value of investments is:

	Unaudited 2017		Audited 2016	
	----- (Rupees) -----	---- Percent ----	----- (Rupees) -----	---- Percent ----
Bank balances	2,232,507	4.96%	5,859,004	14.74%
Government securities	34,535,951	76.71%	26,100,887	65.66%
Debt securities	1,990,566	4.42%	1,002,300	2.52%
Mutual funds	6,263,117	13.91%	6,791,419	17.08%
	45,022,141	100.00%	39,753,610	100.00%

27.4 The investments out of provident fund have been made in accordance with the provisions of section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

27.5 Auditors' remuneration

	2017 ----- (Rupees) -----	2016 -----
Statutory audit fee	305,000	305,000
Half year review	165,000	165,000
Review of code of corporate governance	110,000	110,000
Special reports and other certifications	625,000	845,000
	1,205,000	1,425,000
Sindh sales tax	108,400	78,600
Out of pocket expenses	121,210	103,060
	1,434,610	1,606,660

27.6 This includes sum of Rs. 0.5 million (December 31, 2016: Rs. 0.4 million) in respect of related party.

28 TAXATION - NET

Current	85,521,282	70,373,657
Prior	25,410,818	829,673
Deferred	(17,344,981)	7,592,129
	93,587,119	78,795,459

28.1 The Company has filed returns upto tax year 2017. The returns filed for tax years upto 2016 has been finalized.

Notes to the Financial Statements

For the year ended December 31, 2017

28.2 Relationship between tax expense and accounting profit

2017	2016
----- (Rupees) -----	
233,593,395	264,662,622
70,078,019	82,045,413
25,410,818	829,673
(1,901,718)	(4,079,627)
93,587,119	78,795,459

29. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

Profit after tax for the year	140,006,280	185,867,163
	----- (Number of shares) -----	
		Restated
Weighted average number of shares of Rs. 10 each	50,296,803	50,296,803
	----- (Rupees) -----	
		Restated
Basic earnings per share of Rs. 10 each	2.78	3.70

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

The number of shares for the prior year has also been adjusted for the effect of bonus shares issued during the current year.

30. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount including all benefits to the Chief Executive and Executives of the Company are as follows:

	Chief Executive		Executives		Total	
	2017	2016	2017	2016	2017	2016
	----- (Rupees) -----					
Managerial remuneration	7,852,080	7,077,876	42,933,515	37,369,812	50,785,595	44,447,688
Bonus	1,898,978	1,715,105	10,334,558	8,963,096	12,233,536	10,678,201
Retirement benefits	785,784	708,360	3,194,782	2,667,577	3,980,566	3,375,937
House rent	3,533,424	3,185,040	19,348,036	16,831,800	22,881,460	20,016,840
Others	802,296	724,584	6,925,012	6,547,056	7,727,308	7,271,640
	14,872,562	13,410,965	82,735,903	72,379,341	97,608,465	85,790,306
Number of persons	1	1	42	36	43	37

30.1 Aggregate amount charged in these financial statements in respect of Director's fee for attending Board and Audit Committee meetings amounted to Rs. 130,000 (December 31, 2016: Rs. 125,000) and Rs. 200,000 (December 31, 2016: Rs. 200,000) respectively.

30.2 In addition, some of the executives are provided with free use of Company maintained cars.

31. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, window takaful operations, directors and their close family members, staff retirement funds, key management personnel and major shareholders of the Company. The associated companies are associated either based equity or due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

Balances, including investments in associates, are disclosed in relevant notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements,

Name of related party	Premiums written	Commission paid and due	Claims paid	Investment in mutual funds	Sales of shares / units of mutual funds	Dividend received	Dividend paid	Bonus share issue	Purchase of equipment	Donation paid	Expenses	Retirement Fund
----- (Rupees) -----												
Associated companies / undertaking												
Accuray Surgical Limited	1,687,762	129,075	1,490,700	-	-	-	-	-	-	-	-	-
Alan (Private) Limited	94,500	9,450	-	-	-	-	-	-	-	-	-	-
Anchor Commodities (Private) Limited	2,714,203	263,519	2,832,134	-	-	-	-	-	-	-	-	-
Baluchistan Polyproducts (Private) Limited	467,520	61,680	-	-	-	-	-	-	-	-	-	-
Caraway (Private) Limited	14,355	2,153	-	-	-	-	-	-	-	-	-	-
Century Paper & Board Mills Limited	115,303,433	15,112,109	10,463,691	-	-	944,242	-	-	-	-	3,341,352	-
Colgate Palmolive (Pakistan) Limited	177,206,214	22,439,353	13,770,503	-	-	617,365	-	-	-	-	30,000	-
Cyber Internet Services (Private) Limited	32,655,774	1,038,483	13,417,144	-	-	-	-	-	752,805	-	75,641	-
GAM Corporation (Private) Limited	31,829,098	2,459,576	29,438,894	-	-	-	-	-	-	-	-	-
Hasanali and Gulbanoo Lakhani Foundation	1,752,373	130,110	1,336,062	-	-	-	-	-	-	-	716,286	-
ICE Animations (Private) Limited	2,339,930	99,812	1,428,648	-	-	-	-	-	-	-	-	-
Lakson Business Solution Limited	831,135	1,712	498,560	-	-	-	-	-	-	-	1,998,334	-
Lakson Equity Fund	-	-	-	55,866,223	44,653,938	34,121,397	-	-	-	-	-	-
Lakson Investments Limited	1,844,054	-	1,593,202	-	-	-	-	-	-	-	3,052,765	-
Lakson Tactical Fund	-	-	-	18,867,460	-	25,156,614	-	-	-	-	-	-
Layton Rehmatullah Benevolent Trust (LRBT)	-	-	-	-	-	-	-	-	-	500,000	-	-
Merit Packaging Limited	16,775,470	1,810,255	3,943,469	-	-	-	-	-	-	-	-	-
Premier Fashions (Private) Limited	16,652	2,498	-	-	-	-	23,171,390	1,324,079	-	-	-	-
Princeton Travels (Private) Limited	948,511	116,985	213,843	-	-	-	-	-	-	-	939,616	-
R and I Trust	2,187	219	-	-	-	-	-	-	-	-	-	-
Reliance Chemicals Limited	100,525	14,401	-	-	-	-	-	-	-	-	-	-
Siza (Private) Limited	726,408	19,680	100,854	-	-	-	11,386,711	650,669	-	-	2,649,600	-
Siza Commodities (Private) Limited	75,405	220	351,835	-	-	-	7,943,574	453,918	-	-	44,200	-
Siza Foods (Private) Limited	26,334,992	1,932,849	3,573,729	-	-	-	-	-	-	-	-	-
Siza Services (Private) Limited	3,829,953	259,386	1,377,137	-	-	-	18,855,680	1,077,467	-	-	8,106,085	-
Sybrid (Private) Limited	10,671,509	70,149	9,146,035	-	-	-	-	-	-	-	127,388	-
Tetley Clover (Private) Limited	33,780	5,170	19,270	-	-	-	-	-	-	-	-	-
Others												
Express Publication (Private) Limited	31,621,312	629,200	8,004,759	-	-	-	-	-	-	-	358,967	-
Express Digital (Private) Limited	866,418	-	-	-	-	-	-	-	-	-	-	-
Matrix Press (Private) Limited	6,331,076	158,895	3,283,157	-	-	-	-	-	-	-	-	-
Misha Fashion (Private) Limited	97,465	2,747	-	-	-	-	-	-	-	-	-	-
Printek (Private) Limited	556,156	73,108	2,601,139	-	-	-	-	-	-	-	-	-
Television Media Network (Private) Limited	36,043,711	1,211,631	9,974,523	-	-	-	-	-	-	-	-	-
Key management personnel	225,502	5,970	111,914	-	-	-	103,597	6,112	-	-	-	-
Retirement benefit plans												
Contribution to staff provident fund	-	-	-	-	-	-	-	-	-	-	-	5,735,707
Contribution to staff gratuity fund	-	-	-	-	-	-	-	-	-	-	-	3,629,259
December 31, 2017	503,997,383	48,060,395	118,971,202	74,723,683	44,653,938	60,839,618	61,460,952	3,512,245	752,805	500,000	21,440,234	9,364,966
December 31, 2016	396,251,861	39,937,190	81,674,479	912,000,000	1,078,893,167	4,354,530	175,508,420	-	-	400,000	22,505,812	8,262,503

Notes to the Financial Statements

For the year ended December 31, 2017

32. SEGMENT INFORMATION

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the repealed SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at December 31, 2017 and December 31, 2016, allocated and unallocated capital expenditures and non-cash expenses during the year:

	Fire		Marine		Motor		Accident and health		Miscellaneous		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
(Rupees)												
SEGMENT ASSETS												
Segment assets	326,913,690	292,223,915	91,889,872	73,538,244	128,293,598	105,543,093	70,360,465	102,239,812	78,627,676	77,336,531	696,085,301	650,881,594
Unallocated corporate assets											2,024,057,761	2,009,801,601
Unallocated assets of Window Takatful Operation - Operator's Fund											52,633,620	-
Consolidated total assets											2,772,776,682	2,660,683,195
SEGMENT LIABILITIES												
Segment liabilities	330,296,408	311,847,903	101,947,815	88,498,957	251,018,550	228,760,835	175,168,984	196,564,271	91,202,112	92,411,488	949,633,869	918,083,454
Unallocated corporate liabilities											51,931,881	33,283,394
Unallocated liabilities of Window Takatful Operation - Operator's Fund											3,495,893	-
Consolidated total liabilities											1,005,061,643	951,366,848
Depreciation and amortisation	3,920,526	3,345,042	2,060,115	1,757,716	3,348,741	2,857,188	2,397,082	2,045,221	759,492	648,008	12,485,956	10,653,175
Non-cash expenses other than depreciation and amortisation	1,292,505	810,250	4,129,648	3,567,521	10,244,991	8,526,714	6,044,520	9,359,012	475,982	521,555	22,187,646	22,785,052
Unallocated capital expenditure											12,544,598	30,849,181

33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

33.1 Financial risk management objectives and policies

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by in-house Internal Audit

function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

33.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, equity prices and units prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and equity / units price risk. The Company manages the market risk exposure by following internal risk management policies.

33.1.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The information about Company's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

	2017						Total
	Effective rate % per annum	Interest / mark-up bearing financial instruments			Sub total	Non-interest / mark-up bearing financial instruments	
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years			
----- (Rupees) -----							
Financial assets							
Cash and bank deposits	3.75 to 11.00	350,956,623	-	-	350,956,623	10,824,619	361,781,242
Investments	3.75 to 12.00	100,667,793	29,231,503	-	129,899,296	1,197,474,511	1,327,373,807
Premiums due but unpaid		-	-	-	-	314,279,731	314,279,731
Amounts due from other insurers / reinsurers		-	-	-	-	65,764,134	65,764,134
Reinsurance recoveries due but unpaid		-	-	-	-	46,684,875	46,684,875
Accrued investment income		-	-	-	-	6,063,108	6,063,108
Reinsurance recoveries against outstanding claims		-	-	-	-	74,912,821	74,912,821
Sundry receivables		-	-	-	-	229,704,457	229,704,457
Total assets of Window Takaful Operations - Operator's Fund	3.5 to 5.3	476,297,522	29,231,503	-	505,529,025	1,972,741,602	2,478,270,627
Financial liabilities							
Provision for outstanding claims		-	-	-	-	165,560,979	165,560,979
Amounts due to other insurers / reinsurers		-	-	-	-	225,151,644	225,151,644
Accrued expenses		-	-	-	-	3,477,612	3,477,612
Other creditors and accruals		-	-	-	-	101,479,032	101,479,032
Deposits and other payables		-	-	-	-	12,409,555	12,409,555
Unclaimed dividend		-	-	-	-	3,938,133	3,938,133
Total liabilities of Window Takaful Operations - Operator's Fund		-	-	-	-	1,959,633	1,959,633
		-	-	-	-	513,976,588	513,976,588
Interest risk sensitivity gap		476,297,522	29,231,503	-	505,529,025	1,458,765,014	1,964,294,039
Cumulative interest risk sensitivity gap		476,297,522	505,529,025	505,529,025			

Notes to the Financial Statements

For the year ended December 31, 2017

	Effective rate % per annum	2016				Non-interest / mark-up bearing financial instruments	Total
		Interest / mark-up bearing financial instruments			Sub total		
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years			
----- (Rupees) -----							
Financial assets							
Cash and bank deposits	3.75 to 11.00	398,142,044	-	-	398,142,044	10,478,773	408,620,817
Investments	3.75 to 12.00	1,018,782	24,611,787	24,113,473	49,744,042	1,446,290,756	1,496,034,798
Premiums due but unpaid		-	-	-	-	245,046,777	245,046,777
Amounts due from other insurers / reinsurers		-	-	-	-	95,986,394	95,986,394
Reinsurance recoveries due but unpaid		-	-	-	-	52,297,380	52,297,380
Accrued investment income		-	-	-	-	3,009,112	3,009,112
Reinsurance recoveries against outstanding claims		-	-	-	-	61,181,748	61,181,748
Sundry receivables		-	-	-	-	12,354,253	12,354,253
		<u>399,160,826</u>	<u>24,611,787</u>	<u>24,113,473</u>	<u>447,886,086</u>	<u>1,926,645,193</u>	<u>2,374,531,279</u>
Financial liabilities							
Provision for outstanding claims		-	-	-	-	164,787,530	164,787,530
Amounts due to other insurers / reinsurers		-	-	-	-	260,739,918	260,739,918
Accrued expenses		-	-	-	-	4,196,831	4,196,831
Other creditors and accruals		-	-	-	-	84,286,777	84,286,777
Deposits and other payables		-	-	-	-	7,938,376	7,938,376
Unclaimed dividend		-	-	-	-	3,559,189	3,559,189
		-	-	-	-	525,508,621	525,508,621
Interest risk sensitivity gap		<u>399,160,826</u>	<u>24,611,787</u>	<u>24,113,473</u>	<u>447,886,086</u>	<u>1,370,914,312</u>	<u>1,818,800,398</u>
Cumulative interest risk sensitivity gap		<u>399,160,826</u>	<u>423,772,613</u>	<u>447,886,086</u>			

Cash flow sensitivity analysis of variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
----- (Rupees) -----			
December 31, 2017	100	4,618,710	3,233,097
	-100	(4,618,710)	(3,233,097)
December 31, 2016	100	4,733,914	3,266,401
	-100	(4,733,914)	(3,266,401)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

33.1.1.2 Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities and investment in different categories of mutual funds within specified limits set by internal risk management guidelines. A summary analysis of investments is disclosed in note 13 to these financial statements.

The management monitors the fluctuations of prices on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market and also monitor fluctuation in unit prices through a related party as disclosed in note 31. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security / units may be affected by the relative quantity of the security / units being sold.

The following table summarizes the Company's other price risk as at December 31, 2017 and as at December 31, 2016. It shows the effects of an estimated increase of 10% in the market prices as on those dates. A decrease of 10% in the fair values of the quoted securities would affect it in a similar and opposite manner.

	Fair value ----(Rupees)----	Price change -----%-----	Effect on fair value ----(Rupees)----
December 31, 2017	1,190,542,147	+10%	119,054,215
	(1,190,542,147)	-10%	(119,054,215)
December 31, 2016	1,639,243,954	+10%	169,324,395
	(1,639,243,954)	-10%	(169,324,395)

However, increase of 10% in equity prices at the reporting date is restricted to amount of cost of investment of such securities as per the policy of the Company (note 4.6.2.3).

33.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed.

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For the year ended December 31, 2017

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date which is equivalent to its carrying amounts. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

	2017			Total
	Within one year	Over one year to five years	Over five years	
	----- (Rupees) -----			
Financial liabilities				
Provision for outstanding claims	165,560,979	-	-	165,560,979
Amounts due to other insurers / reinsurers	225,151,644	-	-	225,151,644
Accrued expenses	3,477,612	-	-	3,477,612
Other creditors and accruals	101,479,032	-	-	101,479,032
Deposits and other payables	12,409,555	-	-	12,409,555
Unclaimed dividend	3,938,133	-	-	3,938,133
Total liabilities of Window Takaful Operations - Operator's fund	1,959,633	-	-	1,959,633
	513,976,588	-	-	513,976,588
	2016			Total
	Within one year	Over one year to five years	Over five years	
	----- (Rupees) -----			
Financial liabilities				
Provision for outstanding claims	164,787,530	-	-	164,787,530
Amounts due to other insurers / reinsurers	260,739,918	-	-	260,739,918
Accrued expenses	4,196,831	-	-	4,196,831
Other creditors and accruals	84,286,777	-	-	84,286,777
Deposits and other payables	7,938,376	-	-	7,938,376
Unclaimed dividend	3,559,189	-	-	3,559,189
	525,508,621	-	-	525,508,621

33.1.3 Credit Risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

33.1.3.1 Concentration of credit risk and credit exposure of the financial instruments

Credit risk of the Company arises principally from the bank balances, investments (except for investment in associates and government securities), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

The carrying amount of financial assets represent the maximum credit exposure, as specified below:

	Note	2017 ----- (Rupees) -----	2016 -----
Bank balances	12	360,322,534	407,620,939
Investments	13	1,327,373,807	1,409,025,061
Premiums due but unpaid	15	314,279,731	245,046,777
Amounts due from other insurers / reinsurers	16	65,764,134	95,986,394
Reinsurance recoveries due but unpaid		46,684,875	52,297,380
Accrued investment income	17	6,063,108	3,009,112
Reinsurance recoveries against outstanding claims	18	74,912,821	61,181,748
Sundry receivables	20	229,704,457	12,354,253
Total assets of Window Takaful Operations - Operator's Fund	22	51,706,452	-
		<u>2,476,811,919</u>	<u>2,286,521,664</u>

Bank Balances

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Banks	Long term rating	Rating agency	2017 ----- (Rupees) -----	2016 -----
Bank Alfalah Limited	AA+	JCR-VIS	85,104,670	84,074,103
Habib Metropolitan Bank Limited	AA+	PACRA	152,821,396	181,349,776
MCB Bank Limited	AAA	PACRA	8,570,242	7,959,609
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	4,600,836	3,247,879
Habib Bank Limited	AAA	JCR-VIS	7,346,355	3,724,723
United Bank Limited	AAA	JCR-VIS	50,071,212	50,000,000
NRSP Microfinance Bank Ltd	A	PACRA	1,807,824	2,264,850
National Bank of Pakistan	AAA	JCR-VIS	-	75,000,000
Telenor Microfinance Bank	A+	PACRA	50,000,000	
			<u>360,322,535</u>	<u>407,620,939</u>

Investments

The Company is exposed to credit risk in respect of investments made in term finance certificates, sukuk, commercial paper, quoted equity securities and mutual funds. The Company invests in term finance certificates of banks having sound credit rating by recognised credit rating agencies whereas investment in quoted securities and open end mutual funds are made which can be liquidate by selling through stock exchange and encashment of units at the counter of mutual funds.

The credit quality of Company's investment can be assessed as follows:

Rating	2017 ----- (Rupees) -----	2016 -----
- A or above	876,584,755	1,061,382,031
- others	378,740,416	384,908,725
	<u>1,255,325,171</u>	<u>1,446,290,756</u>

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Premium due but unpaid

Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

The management monitors exposure to credit risk in premium receivable from group companies and corporate clients through regular review of credit exposure and prudent estimates of provision for doubtful balances. The age analysis of premium due but unpaid at the reporting date is as follows:

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. Sector-wise analysis of premium due but unpaid at the reporting date was:

	2017		2016	
	(Rupees)	%	(Rupees)	%
Miscellaneous	170,019,139	54%	141,217,645	58%
Technology and communication	77,768,715	25%	33,862,891	14%
Paper and board	34,642,104	11%	32,490,507	13%
Food and allied industries	31,849,773	10%	21,959,180	9%
Textiles	-	-	15,516,554	6%
	314,279,731	100%	245,046,777	100%

Age analysis of premium due but unpaid at the reporting date was:

	2017		2016	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----			
Upto 1 year	301,937,621	-	228,964,736	-
1-2 years	10,023,188	-	14,612,250	-
2-3 years	2,318,922	-	1,469,791	-
Over 3 years	9,197,111	9,197,111	8,848,257	8,848,257
Total	323,476,842	9,197,111	253,895,034	8,848,257

Amount due from other insurers / reinsurers / reinsurance recoveries against outstanding claims

Age analysis of amount due from other insurers / reinsurers at the reporting date was:

	2017		2016	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----			
Upto 1 year	36,511,125	-	59,768,574	-
1-2 years	23,743,350	-	45,446,823	21,835,723
2-3 years	42,274,003	43,674,515	4,939,925	-
Over 3 years	7,726,273	618,102	8,482,897	816,102
Total	110,254,751	44,490,617	118,638,219	22,651,825

Age analysis of reinsurance recoveries against outstanding claims at the reporting date was:

	2017		2016	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----			
Upto 1 year	33,402,309	-	22,739,506	-
1-2 years	6,208,271	-	3,994,693	-
2-3 years	1,740,372	-	4,775,959	-
Over 3 years	33,561,869	-	29,671,590	-
Total	74,912,821	-	61,181,748	-

In respect of aforementioned premium due but unpaid, reinsurance asset and receivables, the company takes into account its past history / track record of recoveries and financial position of counter parties while creating provision for doubtful receivables. The credit quality of amount due from co-insurer, and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 35. Premium due but unpaid is recoverable from group companies and corporate clients are considered good.

34 INSURANCE RISK

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

The Company generally deals in short tail insurance contracts (maximum for one year). Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

(a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example, subsidence claims). For certain contracts, the Company

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has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which is divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

- The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claims payments are limited to the extent of sum insured on occurrence of the insured event.
- The Company has entered into reinsurance cover / arrangements, with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan (SECP) on an annual basis.

- The Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claim payments

Claims reported and otherwise are analysed separately. The development of large losses / catastrophes is analysed separately. The shorter settlement period for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting period.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated costs of unpaid claims (both reported and non reported), the Company estimation

technique is based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the costs of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous periods. Claims are assessed on a case-by-case basis separately.

(c) Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

During the year actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business. The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business. The methods used, and the estimates made, are reviewed regularly.

The actuary determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

(d) Changes in assumptions

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

(e) Sensitivity analysis

The analysis of exposure described in paragraph (c) above is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Company's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Company is exposed.

The risks associated with the insurance contracts are complex and subject to a number of variables techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the balance sheet is adequate as the Company generally deals in short tail insurance contracts. However, actual experience will differ from the expected outcome.

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As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, results of sensitivity testing assuming 10% change in the claim incidence net of recoveries showing effect on underwriting results and shareholders' equity is set out below.

	Underwriting results		Shareholders' equity	
	2017	2016	2017	2016
	----- (Rupees) -----			
10% increase in loss / decrease				
Fire and property damage	(350,743)	(386,240)	(245,520)	(262,643)
Marine, aviation and transport	(1,199,569)	(1,373,723)	(839,698)	(934,132)
Motor	(10,544,358)	(8,836,031)	(7,381,051)	(6,008,501)
Accident and health	(12,108,418)	(27,809,104)	(8,475,893)	(18,910,191)
Miscellaneous	(492,526)	(639,940)	(344,768)	(435,159)
	(24,695,614)	(39,045,038)	(17,286,930)	(26,550,626)
10% decrease in loss / increase				
Fire and property damage	350,743	386,240	245,520	262,643
Marine, aviation and transport	1,199,569	1,373,723	839,698	934,132
Motor	10,544,358	8,836,031	7,381,051	6,008,501
Accident and health	12,108,418	27,809,104	8,475,893	18,910,191
Miscellaneous	492,526	639,940	344,768	435,159
	24,695,614	39,045,038	17,286,930	26,550,626

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

Average claim cost	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
	----- (Rupees) -----				
2017	± 10%	38,730,353	24,695,614	24,695,614	17,286,930
2016	± 10%	47,925,607	39,045,038	39,045,038	26,941,076

Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

To optimise benefits from the principle of average and the law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

The Company's class wise major risk exposure is as follows:

Class	Gross sum insured		Reinsurance		Net	
	2017	2016	2017	2016	2017	2016
----- (Rupees in millions) -----						
Fire and property damage	164,757	198,710	156,007	189,982	8,750	8,728
Marine, aviation and transport	139,640	134,913	51,991	50,421	87,649	84,492
Motor	2,252	12,291	-	80	2,252	12,211
Accident and health	301	985	0.30	126	301	859
Miscellaneous	23,066	23,859	20,282	21,901	2,784	1,958
	330,016	370,758	228,280	262,510	101,736	108,248

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, stop loss and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions. As the major reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against Company's risk exposures is not quantifiable.

Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

Accident year	2012 and prior	2013	2014	2015	2016	2017 (including IBNR)	Total
----- (Rupees) -----							
Gross estimate of ultimate claims cost:							
- At end of accident	478,412,264	217,958,599	255,154,762	451,761,414	438,802,110	369,635,064	
- One year later	464,254,331	248,358,942	275,496,458	499,935,800	434,336,754	-	
- Two year later	471,935,811	245,369,252	275,590,366	500,375,624	-	-	
- Three year later	468,526,473	245,491,924	276,158,171	-	-	-	
- Four year later	468,008,527	245,370,716	-	-	-	-	
- Five year later	468,177,067	-	-	-	-	-	
Current estimate of cumulative claims	468,177,067	245,370,716	276,158,171	500,375,624	434,336,754	369,635,064	2,294,053,397
Cumulative payment to date	(432,803,037)	(241,550,787)	(267,817,344)	(494,835,192)	(420,949,191)	(270,536,867)	(2,128,492,418)
Liability recognised in balance sheet	35,374,030	3,819,929	8,340,827	5,540,432	13,387,563	99,098,197	165,560,979

Statement of Age-wise Breakup of Unclaimed Insurance Benefits

Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
----- (Rupees) -----						
Claims not encashed	1,387,631	271,599	80,501	410,900	273,626	351,005

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35 REINSURANCE RISK

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. To minimise its exposure to significant losses from reinsurer insolvencies and to ensure the compliance with the aforementioned circular, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.

An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2017	2016
----- (Rupees) -----					
Rating					
A or above including Pakistan Reinsurance Company Limited	323,250	60,984,600	97,942,032	159,249,882	122,212,566
BBB	-	204,475	-	204,475	204,475
Total	323,250	61,189,075	97,942,032	159,454,357	122,417,041

36 FAIR VALUES

36.1 On balance sheet

	December 31, 2017										
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees) -----											
Financial assets measured at fair value											
Investment at fair value through profit and loss	181,448,306	-	-	-	-	-	181,448,306	158,467,869	22,980,437	-	181,448,306
Financial assets not measured at fair value											
Cash and bank deposits*	-	-	-	361,781,242	-	-	361,781,242	-	-	-	-
Investments											
- In related parties	-	538,257,008	-	-	42,137,247	-	580,394,255	88,499,724	511,532,660	-	600,032,385
- Government securities	-	-	49,068,199	-	-	-	49,068,199	-	54,949,404	-	54,949,404
- Commercial Paper*	-	-	52,850,660	-	-	-	52,850,660	-	-	-	-
- Quoted equity securities / mutual funds	-	458,612,387	-	-	-	-	458,612,387	63,612,188	274,180,659	-	337,792,847
- Sukuk	-	5,000,000	-	-	-	-	5,000,000	-	-	-	-
Premiums due but unpaid*	-	-	-	314,279,731	-	-	314,279,731	-	-	-	-
Amounts due from other insurers / reinsurers*	-	-	-	65,764,134	-	-	65,764,134	-	-	-	-
Reinsurance recoveries due but unpaid*	-	-	-	46,684,875	-	-	46,684,875	-	-	-	-
Accrued investment income*	-	-	-	6,063,108	-	-	6,063,108	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	74,912,821	-	-	74,912,821	-	-	-	-
Sundry receivables*	-	-	-	229,704,457	-	-	229,704,457	-	-	-	-
Total assets of Window Takatful Operations - Operator's Fund*	-	25,000,000	-	26,706,452	-	-	51,706,452	-	25,122,070	-	25,122,070
Financial liabilities not measured at fair value											
Provision for outstanding claims (including IBNR)*	-	-	-	-	-	(165,560,979)	(165,560,979)	-	-	-	-
Amounts due to other insurers / reinsurers*	-	-	-	-	-	(225,151,644)	(225,151,644)	-	-	-	-
Accrued expenses*	-	-	-	-	-	(3,477,612)	(3,477,612)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(101,479,032)	(101,479,032)	-	-	-	-
Deposits and other payables*	-	-	-	-	-	(12,409,555)	(12,409,555)	-	-	-	-
Unclaimed dividend*	-	-	-	-	-	(3,938,133)	(3,938,133)	-	-	-	-
Total liabilities of Window Takatful Operations - Operator's Fund*	-	-	-	-	-	(1,959,633)	(1,959,633)	-	-	-	-
	181,448,306	1,026,869,395	101,918,859	1,125,896,820	42,137,247	(513,976,588)	1,964,294,039	310,579,781	888,765,230	-	1,199,345,012

	December 31, 2016										
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees) -----											
Financial assets measured at fair value											
Investment at fair value through profit and loss	205,615,736	-	-	-	-	-	205,615,736	205,615,736	-	-	205,615,736
Financial assets not measured at fair value											
Cash and bank deposits*	-	-	-	408,620,817	-	-	408,620,817	-	-	-	-
Investments											
- In related parties	-	494,109,919	-	-	38,284,477	-	532,394,396	70,810,365	602,172,480	-	672,982,844
- Government securities	-	-	48,725,260	-	-	-	48,725,260	-	57,156,000	-	57,156,000
- Quoted equity securities / mutual funds	-	709,299,406	-	-	-	-	709,299,406	90,995,158	724,669,848	-	815,665,005
- Unquoted equity shares	-	-	-	-	-	-	-	-	-	-	-
Premiums due but unpaid*	-	-	-	245,046,777	-	-	245,046,777	-	-	-	-
Amounts due from other insurers / reinsurers*	-	-	-	95,986,394	-	-	95,986,394	-	-	-	-
Reinsurance recoveries due but unpaid*	-	-	-	52,297,380	-	-	52,297,380	-	-	-	-
Accrued investment income*	-	-	-	3,009,112	-	-	3,009,112	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	61,181,748	-	-	61,181,748	-	-	-	-
Sundry receivables*	-	-	-	12,354,253	-	-	12,354,253	-	-	-	-
Financial liabilities not measured at fair value											
Provision for outstanding claims (including IBNR)*	-	-	-	-	-	(164,787,530)	(164,787,530)	-	-	-	-
Amounts due to other insurers / reinsurers*	-	-	-	-	-	(260,739,918)	(260,739,918)	-	-	-	-
Accrued expenses*	-	-	-	-	-	(4,196,831)	(4,196,831)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(84,286,777)	(84,286,777)	-	-	-	-
Deposits and other payables*	-	-	-	-	-	(7,938,376)	(7,938,376)	-	-	-	-
Unclaimed dividend*	-	-	-	-	-	(3,559,189)	(3,559,189)	-	-	-	-
	205,615,736	1,203,409,325	48,725,260	878,496,481	38,284,477	(525,508,621)	1,849,022,658	367,421,259	1,383,998,328	-	1,751,419,585

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

36.2 Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

37. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

In accordance with SECP Circular no. 225 of 2015 of Securities and Exchange Commission of Pakistan (SECP), minimum paid-up capital requirement to be complied with by Insurance / Takaful companies at the December 31, 2017 and subsequent year is Rs. 500 million. At December 31, 2017 the Company's paid-up capital is in excess of the prescribed limit.

Notes to the Financial Statements

For the year ended December 31, 2017

38. SUBSEQUENT EVENT

The Board of Directors of the Company has proposed to distribute sufficient cash dividend / bonus shares for the year ended December 31, 2017 to comply with the requirements of Section 5A of the Income Tax Ordinance, 2001 (Tax on Undistributed Profits). Accordingly, no provision for tax on undistributed profits has been recognised in these financial statements for the year ended December 31, 2017.

The Board of Directors in its meeting held on February 27, 2018 has recommended cash dividend of 17.5% i.e. Rs. 1.75 per share in respect of the year ended December 31, 2017 [December 31, 2016: 17.5% (Rs. 1.75 per share)] and bonus share @ Nil (December 31, 2016 :10%). These financial statements for the year ended December 31, 2017 do not include the effect of this appropriation which will be accounted for when approved.

39. NUMBER OF EMPLOYEES

	2017	2016
	------(Number)-----	
As at December 31	144	147
Average Number of employees during the year	146	147

40. GENERAL

40.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate the comparison. However, there were no material reclassifications to report.

40.2 All figures have been rounded off to the nearest of rupees, except otherwise stated.

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on February 27, 2018.



Iqbal Ali Lakhani
Chairman



Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer



Window **TAKAFUL** Operations



Financial Statements



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in Fund;
- (v) statement of cash flows;
- (vi) statement of contributions;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

of Century Insurance Company Limited – Window Takaful Operations (“the Company”) as at December 31, 2017 together with the notes forming part thereof, for the period from August 17, 2017 to December 31, 2017.

It is the responsibility of the Company’s Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the repealed Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies stated therein;

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.



KPMG Taseer Hadi & Co.

- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2017 and of the results, its cash flows and changes in Fund for the period from August 17, 2017 to December 31, 2017 in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: February 27, 2018

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

Balance Sheet

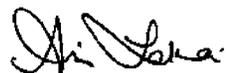
As at December 31, 2017

		2017		
	Note	Operator's Fund	Participants' Takaful Fund	Aggregate
----- (Rupees) -----				
Operator's Fund				
Statutory fund		50,000,000	-	50,000,000
Accumulated loss		(862,273)	-	(862,273)
		49,137,727	-	49,137,727
Waqf / Participants' Takaful Fund				
Ceded Money		-	500,000	500,000
Accumulated deficit		-	(174,543)	(174,543)
		-	325,457	325,457
Liabilities				
Underwriting provisions				
Provision for outstanding claims (including IBNR)		-	-	-
Provision for unearned contribution		-	4,050,516	4,050,516
Provision for unearned re-takaful rebate	11	-	134,362	134,362
Total underwriting provisions		-	4,184,878	4,184,878
Creditors and accruals				
Contribution received in advance		-	155,243	155,243
Amounts due to other takaful / re-takaful operators		-	741,858	741,858
Provision for unearned wakala fees		1,527,297	-	1,527,297
Wakala and mudarib fee payable		-	1,965,245	1,965,245
Accrued expenses	4	1,447,833	-	1,447,833
Other creditors and accruals	5	520,763	310,964	831,727
		3,495,893	3,173,310	6,669,203
TOTAL LIABILITIES		3,495,893	7,358,188	10,854,081
TOTAL FUND AND LIABILITIES		<u>52,633,620</u>	<u>7,683,645</u>	<u>60,317,265</u>
CONTINGENCY AND COMMITMENT	6			

The annexed notes from 1 to 21 form an integral part of these financial statements.

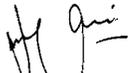
	Note	2017		Aggregate
		Operator's Fund	Participants' Takaful Fund	
----- (Rupees) -----				
Assets				
Cash and bank deposits				
	7			
Cash and other equivalents		10,000	-	10,000
Current and other accounts		24,673,106	2,474,694	27,147,800
		<u>24,683,106</u>	<u>2,474,694</u>	<u>27,157,800</u>
Investments	8	25,000,000	500,000	25,500,000
Current assets - other				
Contribution due but unpaid		-	1,083,016	1,083,016
Amounts due from other takaful / re-takaful operators		-	1,261,681	1,261,681
Re-takaful recoveries due but unpaid		-	86,104	86,104
Accrued investment income		-	7,783	7,783
Deferred commission expense		442,992	-	442,992
Wakala and mudarib fee receivable		1,965,245	-	1,965,245
Deferred wakala fee		-	1,527,297	1,527,297
Prepaid re-takaful contribution ceded		-	740,562	740,562
Taxation		369,546	-	369,546
Sundry receivables	9	172,731	2,508	175,239
		<u>2,950,514</u>	<u>4,708,951</u>	<u>7,659,465</u>
TOTAL ASSETS		<u>52,633,620</u>	<u>7,683,645</u>	<u>60,317,265</u>


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

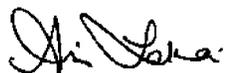
Profit and Loss Account

For the period from August 17, 2017 to December 31, 2017

Note	2017				Aggregate
	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	
	----- (Rupees) -----				
Participants' Takaful Fund - revenue account					
Net contribution revenue	94,825	44,353	65,375	17,553	222,106
Wakala expense	(119,079)	(28,991)	(275,971)	(10,909)	(434,950)
Net claims	-	-	-	(21,526)	(21,526)
Direct expenses	(3,166)	(501)	(9,906)	(164)	(13,737)
Re-takaful rebate earned	50,174	9,143	-	2,256	61,573
Surplus / (deficit) before investment income	22,754	24,004	(220,502)	(12,790)	(186,534)
Net investment income					11,991
(Deficit) for the period					(174,543)
Operator's Fund - revenue account					
Wakala fee income					434,950
Commission expense					(137,492)
Management expenses					(1,861,983)
					(1,564,525)
Mudarib's share of PTF investment income	10				2,998
Net investment income					1,199,708
					(361,819)
General and administrative expenses	12				(870,000)
Loss before tax					(1,231,819)
Taxation					369,546
Loss for the period					(862,273)

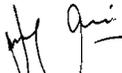
The annexed notes from 1 to 21 form an integral part of these financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Statement of Comprehensive Income

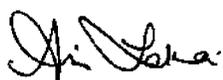
For the period from August 17, 2017 to December 31, 2017

	2017 ---- Rupees----
Loss for the period	(862,273)
Other comprehensive income	-
Total comprehensive loss for the period	<u>(862,273)</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



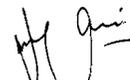
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Cash Flows

For the period from August 17, 2017 to December 31, 2017

	Note	2017		
		Operator's Fund	Participants' Takaful Fund	Aggregate
				----- (Rupees) -----
Operating cash flows				
(a) Takaful activities				
Contribution received		-	4,508,779	4,508,779
Re-takaful contributions paid		-	(2,164,071)	(2,164,071)
Claims paid		-	(142,280)	(142,280)
Re-takaful and other recoveries received		-	34,650	34,650
Commission paid		(68,684)	-	(68,684)
Re-takaful rebate received		-	21,795	21,795
Other underwriting payments (management expences)		-	(13,737)	(13,737)
Net cash (outflows) / inflows from takaful activities		(68,684)	2,245,136	2,176,452
(b) Other operating activities				
Income tax paid		(114,630)	-	(114,630)
General, administration and management expenses paid		(1,284,150)	-	(1,284,150)
Other operating receipts - net		8,963	224,860	233,823
Net cash (outflows) / inflows from other operating activities		(1,389,817)	224,860	(1,164,957)
Total cash (outflows) / inflows from operating activities		(1,458,501)	2,469,996	1,011,495
Investment activities				
Profit / return received		1,141,607	4,698	1,146,305
Payment for investments		(25,000,000)	(500,000)	(25,500,000)
Total cash (outflows) from investing activities		(23,858,393)	(495,302)	(24,353,695)
Financing activities				
Contribution to operator's fund		50,000,000	-	50,000,000
Ceded money		-	500,000	500,000
Total cash inflows from financing activities		50,000,000	500,000	50,500,000
Cash at end of the period - net cash inflows from all activities	7	24,683,106	2,474,694	27,157,800
Reconciliation to profit and loss account				
Operating cash flows		(1,458,501)	2,469,996	1,011,495
Investment income		1,141,607	4,698	1,146,305
Increase in assets other than cash		2,950,514	4,708,951	7,659,465
(Increase) in liabilities		(3,495,893)	(7,358,188)	(10,854,081)
Net loss / deficit for the period		(862,273)	(174,543)	(1,036,816)

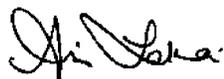
Definition of cash

Cash comprises of cash in hand, policy stamps, bond papers, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

The annexed notes from 1 to 21 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



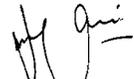
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Changes in Fund

For the period from August 17, 2017 to December 31, 2017

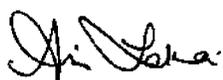
	Operator's Fund		
	Statutory Fund	Accumulated loss	Total
	----- (Rupees) -----		
Contribution made during the period	50,000,000	-	50,000,000
Changes in fund for the period ended December 31, 2017			
Total comprehensive loss for the period			
- Loss for the period	-	(862,273)	(862,273)
Balance as at December 31, 2017	50,000,000	(862,273)	49,137,727

	Participants' Takaful Fund		
	Ceded money	Accumulated deficit	Total
	----- (Rupees) -----		
Contribution received during the period from Operator	500,000	-	500,000
Changes in fund for the period ended December 31, 2017			
Deficit for the period	-	(174,543)	(174,543)
Balance as at December 31, 2017	500,000	(174,543)	325,457

The annexed notes from 1 to 21 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



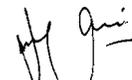
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Contributions

For the period from August 17, 2017 to December 31, 2017

Business underwritten inside Pakistan

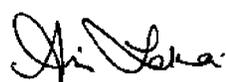
Class	2017							Net contribution revenue	
	Gross Contribution Written*	Unearned contribution reserve		Contribution earned	Re-takaful ceded	Prepaid re-takaful contribution ceded			Re-takaful expense
		Opening	Closing			Opening	Closing		
----- (Rupees) -----									
Direct and facultative									
1. Fire and property damage	1,253,010	-	819,874	433,136	986,054	-	647,743	338,311	94,825
2. Marine, aviation and transport	198,215	-	92,909	105,306	151,638	-	90,685	60,953	44,353
3. Motor	3,920,490	-	3,105,115	815,375	750,000	-	-	750,000	65,375
4. Miscellaneous	64,837	-	32,618	32,219	16,800	-	2,134	14,666	17,553
Total	5,436,552	-	4,050,516	1,386,036	1,904,492	-	740,562	1,163,930	222,106

*This includes administrative surcharge amounting to Rs. 171,374.

The annexed notes from 1 to 21 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



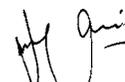
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Claims

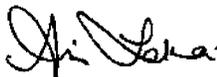
For the period from August 17, 2017 to December 31, 2017

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	2017			Net claims expense	
		Opening	Closing		Re-takaful and other recoveries received	Re-takaful and other recoveries in respect of outstanding claims			Re-takaful and other recoveries revenue
						Opening	Closing		
----- (Rupees) -----									
Direct and facultative									
1. Fire and property damage	-	-	-	-	-	-	-	-	
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	
3. Motor	-	-	-	-	-	-	-	-	
4. Miscellaneous	142,280	-	-	142,280	120,754	-	-	120,754	
Total	142,280	-	-	142,280	120,754	-	-	120,754	

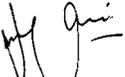
The annexed notes from 1 to 21 form an integral part of these financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Statement of Expenses- OPF

For the period from August 17, 2017 to December 31, 2017

Business underwritten inside Pakistan

Class	2017					Net OPF expense
	Commission paid or payable	Deferred commission		Net commission expense	Other management expense	
		Opening	Closing			
----- (Rupees) -----						
Direct and facultative						
1. Fire and property damage	128,307	-	86,402	41,905	429,148	471,053
2. Marine, aviation and transport	28,433	-	13,937	14,496	67,887	82,383
3. Motor	416,297	-	338,642	77,655	1,342,742	1,420,397
4. Miscellaneous	7,447	-	4,011	3,436	22,206	25,642
Total	580,484	-	442,992	137,492	1,861,983	1,999,475

The annexed notes from 1 to 21 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



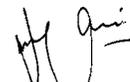
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Expenses- PTF

For the period from August 17, 2017 to December 31, 2017

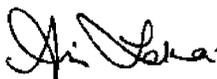
Business underwritten inside Pakistan

Class	2017							2017 Net PTF expense
	Gross Wakala fee	Deferred Wakala Fee		Net Wakala expense	PTF Direct expenses	Underwriting expenses	Rebate from re-takaful operators * (Note 11)	
		Opening	Closing					
----- (Rupees) -----								
Direct and facultative								
1. Fire and property damage	365,041	-	245,962	119,079	3,166	122,245	50,174	72,071
2. Marine, aviation and transport	56,864	-	27,873	28,991	501	29,492	9,143	20,349
3. Motor	1,518,017	-	1,242,046	275,971	9,906	285,877	-	285,877
4. Miscellaneous	22,325	-	11,416	10,909	164	11,073	2,256	8,817
Total	1,962,247	-	1,527,297	434,950	13,737	448,687	61,573	387,114

* Rebate from re-takaful operators is arrived at after taking the impact of closing unearned re-takaful rebate.

The annexed notes from 1 to 21 form an integral part of these financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Statement of Investment Income

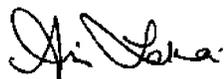
For the period from August 17, 2017 to December 31, 2017

	2017 ----(Rupees)----
Participants' Takaful Fund	
Profit on bank deposits	7,206
Return on Certificate of Islamic Investment	7,783
Less: mudarib's fee	(2,998)
Net investment income	11,991
Operator's Fund	
Net investment income - Profit on bank deposits	1,199,708

The annexed notes from 1 to 21 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Notes to the Financial Statements

For the period from August 17, 2017 to December 31, 2017

1. STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (“the Operator”) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act 2017) on October 10, 1985. The Operator is listed on Pakistan Stock Exchange and is engaged in general insurance business. The registered office of the Operator is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

The Operator was granted authorisation on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (“the Operations”) by Securities and Exchange Commission of Pakistan (“SECP”) under Takaful Rules, 2012 to carry on general takaful operations in Pakistan.

The Operator transferred statutory fund of Rs. 50 million in a separate bank account for the Operations as per the requirement of circular 8 of 2014. Thereafter, the Operator has formed a Waqf for Participants’ Fund (“PTF”) by executing the Waqf deed dated August 17, 2017 by investing a ceded money of Rs. 0.5 million. The ceded money is required to be invested in shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of participants’ funds and investments of the Operator’s funds approved by the shariah advisor of the Operator. The Operator commenced activities of the Operations on August 18, 2017.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared in line with the format issued by the SECP through repealed SEC (Insurance) Rules, 2002, (refer note 2.6.12) vide SRO 938 dated December 12, 2002 and circular 25 of 2015 dated July 9, 2015.

These financial statements reflect the financial position and results of operations of both the Operator’s Fund and Participant Takaful Fund in a manner that the assets, liabilities, income and expenses of the Operator’s Fund and PTF remain separately identifiable. These are the first set of annual financial statements of Century Insurance Company Limited - Window Takaful Operations for the period from August 17, 2017 to December 31, 2017.

2.2 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, repealed SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, Insurance Ordinance, 2000, repealed SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail (refer note 2.6.11 & 2.6.12).

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Operations’ functional currency.

Notes to the Financial Statements

For the period from August 17, 2017 to December 31, 2017

2.5 Use of estimates and judgements

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Operation's accounting policies and reported amounts of assets, liabilities, Income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- a) classification of takaful contracts (note 3.2);
- b) provision for unearned contribution (note 3.4);
- c) provision for contribution due but unpaid and amount due from other takaful / re-takaful operators (note 3.5);
- d) provision for outstanding claims including IBNR and re-takaful recoveries there against (note 3.6);
- e) contribution deficiency reserve (note 3.7);
- f) provision for unearned wakala fee (note 3.9);
- g) classification and measurement of investments (note 3.13);
- h) allocation of management expenses (note 3.16);
- i) taxation (note 3.18);
- j) segment reporting (note 3.19); and
- k) impairment (note 3.21)

2.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2018:

- 2.6.1 Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 1, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Operation's financial statements.
- 2.6.2 Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after January 1, 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Operation's financial statements.
- 2.6.3 Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after January 1, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of

investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Operation's financial statements.

- 2.6.4** IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 1, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on the Operation's financial statements.
- 2.6.5** IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 1, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Operation's financial statements.
- 2.6.6** IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The amendments are not likely to have an impact on the Operation's financial statements.
- 2.6.7** IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 1, 2018 and January 1, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. The management considered that it does not have significant impact on the Operation's financial statements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39 (refer note 2.6.12 and 3.13.2.3).
- 2.6.8** Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after July 1, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 1, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The amendments are not likely to have an impact on the Operation's financial statements.
- 2.6.9** Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after January 1, 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Operation's financial statements.

Notes to the Financial Statements

For the period from August 17, 2017 to December 31, 2017

2.6.10 Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement-the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after January 1, 2019 and are not likely to have an impact on Operations's financial statements.

2.6.11 The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on January 1, 2018 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. The amendments are not likely to have an impact on Operation's financial statements except for extended disclosures.

2.6.12 Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated February 9, 2017 has issued the Insurance Accounting Regulations, 2017 and Insurance Rules, 2017 (the new Rules and Regulations). The application of these Regulations and Rules for the purpose of preparation and presentation of the financial statements was effective from April 1, 2017.

SECP vide letter ID /OSM /Century /2017 /10537, dated August 8, 2017 has granted exemption to the Operator to prepare their half yearly accounts for the period ended June 30, 2017 in accordance with the requirements of repealed SEC (Insurance) Rules 2002 and has allowed the application of New Regulation effective from the accounting year commencing from January 1, 2018. Further, SECP granted exemption to the Operator vide letter ID/OSM/Century/2017/12197 dated October 6, 2017 to prepare their financial statements for the quarter ended September 30, 2017 and annual financial statements for the year ended December 31, 2017, in accordance with the requirements of repealed SEC (Insurance) Rules, 2002. Hence, these financial statements for the year ended December 31, 2017 are prepared in accordance with the requirements of repealed SEC (Insurance) Rules 2002.

The new Rules and Regulations require significant disclosures / requirements, which are relevant to the Operator includes but not limited to: Presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of premium receivable under a insurance policy / cover note as written from the date of attachment of risk to the policy / cover note and insurance policy is required to be issued where premium has been received by the insurer either in full or installment. The management has completed an initial assessment of changes required in respect of the above stated requirements and considered major impact in accordance with the format prescribed by SEC Insurance Rules, 2017 is on Presentation and disclosure of financial statements as per Annexure II of the Insurance Rules, 2017 and on valuation of available-for-sale investments, the impact of which has been disclosed in note 3.13.2.3.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as stated below have been adopted and applied consistently during the period.

3.1 Standards, interpretations and amendments effective during the current period

During the period, certain new standards and amendments to existing standards became effective. However, they did not have material effect on these financial statements.

3.2 Classification of takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Operations underwrites non-life takaful contracts that can be categorised into following main categories:

a) Fire and property

Fire and property takaful contracts mainly compensate the participants for damage suffered to their properties or for the value of property lost. Participants who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities. These contracts are generally one year contracts except some contracts that are of three months period.

b) Marine, aviation and transport

Marine takaful covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

c) Motor

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

d) Accident and health

Accident and health takaful contract mainly compensate hospitalisation and outpatient medical coverage to the participant. These contracts are generally one year contracts.

Notes to the Financial Statements

For the period from August 17, 2017 to December 31, 2017

e) Miscellaneous

All other various types of takaful contracts are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, workmen compensation, travel and products of financial institutions etc. These contracts are normally one year takaful contracts except some engineering takaful contracts that are of more than one year period, whereas, normally travel takaful contracts expire within one month time.

These takaful contracts are provided to all types of customers based on assessment of takaful risk by the Operator. Normally personal takaful contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, takaful contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

3.3 Re-takaful contracts held

These are contracts entered into by the Operation with re-takaful operators for compensation of losses suffered on takaful contracts issued. These re-takaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The PTF recognise the entitled benefits under the contracts as various retakaful assets. Re-takaful contribution is recognised as an expense when retakaful is ceded. Re-takaful assets and liabilities are derecognised when contractual right are extinguished or expired.

The deferred portion of re-takaful contribution is recognized as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using 1/24 method.

3.4 Provision for unearned contribution

The provision for unearned portion of contribution is calculated by applying 1/24 method, as prescribed by repealed SEC (Insurance) Rules, 2002.

3.5 Receivable and payables related to takaful contribution

Receivables including contribution due but unpaid relating to takaful contracts are recognized when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contribution received in advance is recognised as liability till the time of issuance of takaful contract there against.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operations reduces the carrying amount of that contribution receivable and recognizes the loss in profit and loss account.

3.6 Provision for outstanding claims including Incurred But Not Reported (IBNR)

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including

handling costs and the Operation’s reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Retakaful recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Operator by that end of reporting year, or if reported, complete details are not available to the Operator, so as to ascertain the amount of loss for that claim as claims outstanding.

The Operations is required, as per SECP circular no. 9 of 2016 dated March 09, 2016 “Guidelines for Estimation of Incurred but not reported claims reserve, 2016” to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method “Chain Ladder Method” and other alternate method as allowed under the provisions of the Guidelines. However, actuarial valuation as at December 31, 2017 has not been carried out as the management believes there is no major claim incurred which has been reported till the authorization of financial statements.

3.7 Contribution deficiency reserve

The Operations is required as per repealed SEC (Insurance) Rules, 2002, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful recoveries from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account.

No provision has been made as the unearned contribution reserve for each class of business as at the period end is adequate to meet the expected future liability after retakaful from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.8 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the period.

3.9 Provision for unearned wakala fee

The Operator manages the general takaful operations for the participants and charges wakala fee to PTF on gross contributions recognized for each class of business to meet the general and administrative expenses of the Operator including commissions to agents at following rates:

Class	Percentage
Fire and property damage	30%
Marine, aviation and transport	30%
Motor	40%
Health	20%
Miscellaneous	35%

Wakala fee is recognised as income in Operator’s Fund on the same basis on which the related contribution revenue is recognized. Unearned portion of wakala fee is recognised as a liability of Operator’s Fund and an asset of Participants Fund.

Notes to the Financial Statements

For the period from August 17, 2017 to December 31, 2017

3.10 Mudarib's fee

The Operator also manages the participants' investment as Mudarib and charges 20 percent of the investment income and profits on bank deposits earned by the PTF as Mudarib's fee. It is recognized on the same basis on which related revenue is recognised.

3.11 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund to PTF in case of deficit or to fulfil cash flow requirements.

3.12 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy stamps, bank balances and the term deposit receipts having maturity of not more than twelve months and are subject to insignificant risk of change in value.

3.13 Investments

3.13.1 Classification and recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit or loss in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- Investment at fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

3.13.2 Measurement

3.13.2.1 Investment at fair value through profit or loss

- Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.
- Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are premeasured at fair value. Gains or losses on remeasurement of these investments are recognised in profit and loss account.

3.13.2.2 Held to maturity

Investments with fixed determinable payments and fixed maturity, where Operations has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

3.13.2.3 Available-for-sale

Investments which are not eligible to be classified as “held for trading” or “held to maturity” are classified as ‘available-for-sale’. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the repealed SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) “Financial Instruments: Recognition and Measurement” in respect of valuation of ‘available-for-sale investments’. Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

Had the Operator adopted International Accounting Standard (IAS) 39 “Financial Instruments: Recognition and Measurement” in respect of recognition of gain / loss on remeasurement of available-for-sale securities directly into Operator’s Fund, the investments of the Operator would have been higher by Rs. 0.122 million and the net Operator’s Fund would have been increased by Rs. 0.085 million - net of tax effect.

Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from MUFAP page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Operator commits to purchase or sell the investment.

3.14 Contribution income

Contribution under a policy are recognised as revenue at the time of issuance of takaful policy. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of contribution written relating to the unexpired period of coverage is recognised as unearned contribution by the Operator. The unearned contribution is calculated by applying 1/24 method as specified in the repealed SEC (Insurance) Rules, 2002. Administrative surcharge are recognised as revenue at the time of issuance of takaful policy.

Re-takaful ceded is recognised as expense after taking into account the proportion of deferred re-takaful contribution expense which is calculated using 1/24 method. The deferred portion of re-takaful contribution expense is recognised as a prepayment.

Notes to the Financial Statements

For the period from August 17, 2017 to December 31, 2017

3.15 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised in Operator's Fund as an expense in accordance with pattern of recognition of contribution revenue.

Rebate and other forms of revenue (apart from recoveries) from re-takaful operators are deferred and recognised as liability and recognised in the profit and loss account as revenue of PTF in accordance with the pattern of recognition of the re-takaful contributions.

3.16 Allocation of management expenses

Expenses of management have been allocated to various classes of business as deemed equitable by the Operator. Expenses not allocable to the underwriting business are charged under general and administration expenses.

3.17 Investment income

- Profit on bank deposits is recognised on a time proportion basis taking into account the effective yield.
- Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.
- Dividend income is recognised when the Operation's right to receive the payment is established.
- Return on fixed income securities is recognised on a time proportion basis taking into account the effective yield on the investments.
- Gain / loss on sale of investments is included in income currently.

3.18 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account in accordance with Rule 12 of Takaful Rule 2012, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Operator, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year of the Operator's Fund, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable if any in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Operator's Fund under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

Deferred tax

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement

of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Operator recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The taxation of the Operator's Fund is made while including in the Company's results as a whole and accordingly taxation has been recorded. The effective tax rate is 30 percent therefore tax reconciliation has not been prepared.

3.19 Segment reporting

An operating segment is a component of the Operations that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Operator presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the repealed SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting process of the Operator for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Operator's business segments operate in Pakistan only.

Based on its classification of takaful contracts issued, the Operations has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 3.2.

Assets and liabilities are allocated to particular segments on the basis of contribution earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of net contribution earned.

3.20 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Operator intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.21 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

Notes to the Financial Statements

For the period from August 17, 2017 to December 31, 2017

3.22 Provisions

Provisions are recognized when the Operations has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.23 Financial instruments

Financial instruments carried on the balance sheet include contributions due but unpaid, amount due to other takaful / re-takaful operator, accrued investment income, sundry receivables, accrued expenses and other creditors and accruals.

All the financial assets and financial liabilities are recognised at the time when the Operations becomes a party to the contractual provisions of the instrument and derecognised when the Operations loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to profit and loss account of the period in which financial instrument is derecognised.

4	ACCRUED EXPENSES	2017
		--- (Rupees) ---
	Reimbursement of expense due to related party	1,297,833
	Audit fee payable	150,000
		1,447,833

5 OTHER CREDITORS AND ACCRUALS

	December 31, 2017		
	OPF	PTF	Aggregate
	----- (Rupees) -----		
Federal excise duty and sales tax	-	283,230	283,230
Federal insurance fee payable	-	21,843	21,843
Commission payable	511,800	-	511,800
Tax deducted at source	8,963	5,891	14,854
	<u>520,763</u>	<u>310,964</u>	<u>831,727</u>

6 CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at December 31, 2017.

7 CASH AND BANK DEPOSITS

	Note	December 31, 2017		
		OPF	PTF	Aggregate
		----- (Rupees) -----		
Cash and other equivalents				
Cash in hand		10,000	-	10,000
Current and other accounts				
Savings accounts	7.1	24,673,106	2,474,694	27,147,800
		<u>24,683,106</u>	<u>2,474,694</u>	<u>27,157,800</u>

7.1 Savings accounts carry expected profit rates ranging from 3.5% to 5.3% per annum.

8	INVESTMENTS	Note	December 31, 2017		
			OPF	PTF	Aggregate
			----- (Rupees) -----		
Held to Maturity					
	Certificate of Islamic Investment		-	500,000	500,000
Available-for-sale - quoted mutual funds					
	Quoted mutual fund	8.1	25,000,000	-	25,000,000
			<u>25,000,000</u>	<u>500,000</u>	<u>25,500,000</u>

8.1 The market value of available for sale securities as at December 31, 2017 is Rs. 25.122 million.

9 SUNDRY RECEIVABLES - considered good

		December 31, 2017		
		OPF	PTF	Aggregate
		----- (Rupees) -----		
	Accrued bank profit	58,101	2508	60,609
	Advance tax	114,630	-	114,630
		<u>172,731</u>	<u>2,508</u>	<u>175,239</u>

10 MANAGEMENT EXPENSES - OPF

For the period
from
August 17 to
December 31,
2017
--- (Rupees) ---

	Salaries, allowances and other benefits			1,297,833
	Printing, stationery and postage			62,900
	Ceded money			500,000
	Others			1,250
				<u>1,861,983</u>

11 REBATE FROM RE-TAKAFUL OPERATORS

	Rebate received or receivables	Unearned retakaful rebate		Retakful rebate earned
		Opening	Closing	
----- (Rupees) -----				
	Fire and property damage	170,570	-	120,396
	Marine, aviation and transport	22,746	-	13,603
	Miscellaneous	2,619	-	363
		<u>195,935</u>	<u>-</u>	<u>134,362</u>

12 GENERAL AND ADMINISTRATIVE EXPENSES

	Shariah advisor fee			720,000
	Auditors' remuneration		12.1	150,000
				<u>870,000</u>

12.1 Auditors' remuneration

	Audit fee			100,000
	Shariah compliance audit			50,000
				<u>150,000</u>

Notes to the Financial Statements

For the period from August 17, 2017 to December 31, 2017

13 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the Operator, associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefit plans, directors and key management personnel of the Operator. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. There are no transactions and balances with related parties / associated companies, other than those which have been disclosed elsewhere in these financial statements.

14 REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS

	2017
	--- (Rupees) ---
Managerial remuneration - including bonus	558,294
Staff retirement benefits	46,760
House rent allowance	209,360
Vehicle allowance	93,650
Others	113,645
	<u>1,021,709</u>

15 SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the repealed SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets liabilities as at December 31, 2017.

	December 31, 2017				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	----- (Rupees) -----				
Segment Assets					
Segment assets	1,466,862	282,764	1,717,977	146,752	3,614,355
Unallocated assets					
- Participants' Takaful Fund					4,069,290
- Operator's Fund					52,633,620
Consolidated total assets					<u>60,317,265</u>
Segment Liabilities					
Segment liabilities	1,835,800	324,237	4,790,943	99,595	7,050,575
Unallocated assets					
- Participants' Takaful Fund					307,613
- Operator's Fund					3,495,893
Consolidated total liabilities					<u>10,854,081</u>

16 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The operations has exposure to the following risks from its use of financial instruments.

- Market risk
- Liquidity risk
- Credit risk

16.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

16.1.1 Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market profit rate.

The information about the Operation's exposure to profit rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

	Effective rate % per annum	2017				Non Profit bearing financial instruments	Total
		Profit bearing financial instruments			Sub total		
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years			
Financial assets							
Cash and bank deposits	3.50 - 5.30	27,147,800	-	-	27,147,800	10,000	27,157,800
Investments	4.79 - 4.83	500,000	-	-	500,000	25,000,000	25,500,000
Contribution due but unpaid		-	-	-	-	1,083,016	1,083,016
Amounts due from other takaful / retakaful operators		-	-	-	-	1,261,681	1,261,681
Retakaful recoveries due but unpaid		-	-	-	-	86,104	86,104
Accrued investment income		-	-	-	-	7,783	7,783
Sundry receivables		-	-	-	-	60,609	60,609
		<u>27,647,800</u>	<u>-</u>	<u>-</u>	<u>27,647,800</u>	<u>27,509,193</u>	<u>55,156,993</u>
Financial liabilities							
Amounts due to other takaful / re-takaful operators		-	-	-	-	741,858	741,858
Accrued expenses		-	-	-	-	1,447,833	1,447,833
Other creditors and accruals		-	-	-	-	511,800	511,800
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,701,491</u>	<u>2,701,491</u>
Interest risk sensitivity gap		<u>27,647,800</u>	<u>-</u>	<u>-</u>	<u>27,647,800</u>	<u>24,807,702</u>	<u>52,455,502</u>
Cumulative interest risk sensitivity gap		<u>27,647,800</u>	<u>27,647,800</u>	<u>27,647,800</u>			

16.1.2 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Operations, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

16.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis

Sensitivity analysis of investments as at the reporting date is as follows:

Notes to the Financial Statements

For the period from August 17, 2017 to December 31, 2017

For available-for-sale investments in case of 10% increase / decrease in prices at the reporting date, the profit and loss account and Operator's Fund would have been higher / lower by Rs. 2.152 million.

16.2 Liquidity risk

Operations' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

The table below summarizes the maturity profile of the financial liabilities. The contractual maturities of these liabilities at the period end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

	2017			Total
	With in one year	Over one year to five year	Over five year	
----- (Rupees) -----				
Financial liabilities				
Amounts due to other takaful / re-takaful operators	741,858	-	-	741,858
Accrued expenses	1,447,833	-	-	1,447,833
Other creditors and accruals	511,800	-	-	511,800
	<u>2,701,491</u>	<u>-</u>	<u>-</u>	<u>2,701,491</u>

16.3 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The operations attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

16.3.1 Concentration of credit risk

The bank balances, investments in mutual funds and deposits represents low credit risk as they are placed with reputed financial institutions with strong credit ratings.

The credit quality of bank balances can be assessed with reference to external credit ratings as follows:

Bank	Long Term Rating	Rating Agency	2017 -- (Rupees) --
Meezan Bank Limited	AA	JCR-VIS	26,288,746
Al Barka Bank (Pakistan) Limited	A+	JCR-VIS	859,054
			<u>27,147,800</u>

The management monitors exposure to credit risk in premium receivable from customers and amount due from co-takaful operators and retakaful operators through regular review of credit exposure. The amount due from co-takaful operators and retakaful operators represents low credit risk as they have strong credit ratings and have sound financial stability.

The credit quality of amount due from co-insurer, and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 18.

17 TAKAFUL RISK

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3.2).

The Operations accepts takaful through issuance of general takaful contracts. For these general takaful contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes.

Frequency and severity of claims

Risk associated with general takaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the takaful events. This has been managed by having in place underwriting strategy, re-takaful arrangements and proactive claim handling procedures. The re-takaful arrangements against major risk exposure include excess of loss, quota arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions.

The operation's class wise major risk exposure is as follows:

Class	Gross Sum Covered	Retakaful	2017
	----- (Rupees) -----		
Fire and property	1,271,226,980	1,111,154,184	160,072,796
Marine, aviation and transport	116,286,942	93,029,554	23,257,388
Motor	185,975,594	-	185,975,594
Miscellaneous	7,751,600	6,201,280	1,550,320

The re-takaful arrangements against major risk exposure include excess of loss, quota arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions. As the major re-takaful arrangements are on excess of loss basis, therefore the re-takaful coverage against PTF's risk exposures is not quantifiable.

Uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contract including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on operator's judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

Notes to the Financial Statements

For the period from August 17, 2017 to December 31, 2017

Claims development

The uncertainty about the amount and timing of claim settlement is usually resolved within one year. Statement of age-wise breakup of unclaimed takaful benefits is not presented as there are no claims outstanding at reporting date.

18 RE-TAKAFUL RISK

Re-takaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through retakaful to the extent that retakaful operators fails to meet the obligation under the retakaful agreements.

To minimise its exposure to significant losses from re-takaful operators' insolvencies, the operations obtain retakaful rating from a number of retakaful operators, who are dispersed over several geographical regions.

An analysis of all retakaful assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other takaful / re-takaful operators	Re-takaful recoveries against outstanding claims	Other re-takaful assets	2017
----- (Rupees) -----				
Rating				
A or above	-	-	381,976	381,976
BBB	-	-	95,494	95,494
	-	-	477,470	477,470

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		December 31, 2017								
		Carrying amount				Fair value				
		Available-for-sale	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		----- (Rupees) -----								
On-balance sheet financial instruments										
Financial assets not measured at fair value										
	19.1									
Cash and bank deposits		-	-	27,157,800	-	27,157,800	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-
- Mutual Funds		25,000,000	-	-	-	25,000,000	-	25,122,070	-	25,122,070
- Certificate of investments		-	-	500,000	-	500,000	-	-	-	-
Contribution due but unpaid		-	-	1,083,016	-	1,083,016	-	-	-	-
Amounts due from other takaful / re-takaful operators		-	-	1,261,681	-	1,261,681	-	-	-	-
Re-Takaful recoveries due but unpaid		-	-	86,104	-	86,104	-	-	-	-
Accrued investment income		-	-	7,783	-	7,783	-	-	-	-
Sundry receivables		-	-	60,609	-	60,609	-	-	-	-
Financial liabilities not measured at fair value										
	19.1									
Amounts due to other takaful /										
Retakaful operators		-	-	-	(741,858)	(741,858)	-	-	-	-
Accrued expenses		-	-	-	(1,447,833)	(1,447,833)	-	-	-	-
Other creditors and accruals		-	-	-	(511,800)	(511,800)	-	-	-	-
		<u>25,000,000</u>	<u>-</u>	<u>30,156,993</u>	<u>(2,701,491)</u>	<u>52,455,502</u>	<u>-</u>	<u>25,122,070</u>	<u>-</u>	<u>25,122,070</u>

19.1 The operations has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The operations measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observation market data (i.e. unobservable inputs).

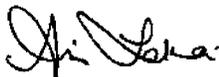
20 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on February 27, 2018.

21 GENERAL

All figures have been rounded off to the nearest rupees, unless otherwise stated.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

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Form of Proxy

I/We _____
of _____
a member of CENTURY INSURANCE COMPANY LIMITED hereby
appoint _____
of _____
or failing him _____
of _____

who is/are also member/s of Century Insurance Company Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on the April 27, 2018 or at any adjournment thereof.

Signed this _____ day of April 2018.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held

Signature

Witness 1

Signature _____
Name _____
CNIC No. _____
Address _____

Witness 2

Signature _____
Name _____
CNIC No. _____
Address _____

Notes:

1. The proxy must be a member of the Company.
2. The signature must tally with the specimen signature/s registered with the Company.
3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

مختار نامہ (پراکسی فارم)

میں / ہم _____ ساکن
 _____ ساکن
 بحیثیت رکن (ممبر) سینچری انشورنس کمپنی لمیٹڈ مقرر کرتا/کرتی ہوں / کرتے ہیں مسملی / مسماة _____ ساکن
 _____ ساکن
 کو یا ان کی غیر حاضری میں مسملی / مسماة _____ ساکن
 _____ ساکن

کو جو خود بھی سینچری انشورنس کمپنی لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار (پراکسی) سینچری انشورنس کمپنی لمیٹڈ کے سالانہ اجلاس عام جو ۲۷ اپریل ۲۰۱۸ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ اپریل _____ ۲۰۱۸ کو میرے / ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر ۲

گواہ نمبر ۱

دستخط _____

دستخط _____

نام _____

نام _____

کمپیوٹر انڈرڈ قومی شناختی کارڈ نمبر _____

کمپیوٹر انڈرڈ قومی شناختی کارڈ نمبر _____

پتہ _____

پتہ _____

ہدایات:

- ۱- مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ۲- ممبر (رکن) کے دستخط، نمونہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- ۳- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹر انڈرڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- ۴- مختار نامہ (پراکسی فارم) مکمل پر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔